

VU Research Portal

Trademark Rights and Consumer Perception

Anemaet, Lotte

2021

document version

Publisher's PDF, also known as Version of record

[Link to publication in VU Research Portal](#)

citation for published version (APA)

Anemaet, L. (2021). *Trademark Rights and Consumer Perception: The Tension Between a Normative and an Empirical Assessment of Consumer Perception in EU Trademark Law*. [PhD-Thesis - Research and graduation internal, Vrije Universiteit Amsterdam]. s.n.

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal ?

Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

E-mail address:

vuresearchportal.ub@vu.nl

TRADEMARK RIGHTS AND CONSUMER PERCEPTION

The Tension Between a Normative and an Empirical Assessment
of Consumer Perception in EU Trademark Law

Lotte Anemaet

VRIJE UNIVERSITEIT

TRADEMARK RIGHTS AND CONSUMER PERCEPTION

The Tension Between a Normative and an Empirical Assessment of Consumer Perception in EU
Trademark Law

ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad Doctor aan
de Vrije Universiteit Amsterdam,
op gezag van de rector magnificus
prof.dr. C.M. van Praag,
in het openbaar te verdedigen
ten overstaan van de promotiecommissie
van de Faculteit der Rechtsgeleerdheid
op maandag 25 oktober 2021 om 15.45 uur
in een bijeenkomst van de universiteit,
De Boelelaan 1105

door

Lotte Anemaet

geboren te Vlaardingen

promotor: prof.dr. M.R.F. Senftleben

copromotor: prof.dr. J.L. Smeehuijzen

This dissertation was partly made possible thanks to grants from the Max Planck Institute for Innovation and Competition in Munich, NautaDutilh, and Prins Bernhard Cultuurfonds. Special thanks to my supervisors Professor Martin Senfleben and Professor Lodewijk Smeehuijzen.

Contents

Contents	4
List of Abbreviations	7
 Chapter 1 Introduction	 11
1.1 Research Question	11
1.2 Methodology and Approach	13
1.2.1 Legal-Theoretical Desk Research	13
1.2.2 Interdisciplinary Approach	14
1.2.3 Empirical Approach	14
1.3 Research Questions and Outline	14
 Chapter 2 Rationales of Trademark Protection	 18
2.1 Introduction	18
2.2 Essential Origin Function	18
2.2.1 Quality Function	20
2.2.2 Reduction of Consumer Search Costs	20
2.2.3 Incentive for Improving Product Variety and Quality	22
2.2.4 Risk of Expanding Trademark Protection	22
2.3 Accessory Functions	25
2.3.1 Reduction of Consumer Search Costs	29
2.3.2 Utilitarian Incentive Rationale	32
2.3.3 Sumptuary Code	35
2.3.4 Expressive Autonomy	36
2.3.5 Natural Law Reward	36
2.4 Conclusion	38
 Chapter 3 The Public Domain Is Under Pressure – Why We Should Not Rely on Empirical Data When Assessing Trademark Distinctiveness	 42
3.1 Introduction	42
3.2 Balancing Between Protecting the Public Domain and Protecting Consumers Against Confusion	43
3.3 Analysis	46
3.3.1 Doubtful Foundation for the Possibility of Acquiring Distinctiveness Through Use in Trade	46
3.3.2 Economic Aspects of Trademarks	48

3.3.3	Non-Traditional Signs Such as Colours per se and Shapes	50
3.3.4	Consumer Perception	52
3.3.5	The Distinctiveness of Shapes and Colours per se	55
3.3.6	Are Normative Purposes More Important Than Actual Assumptions?	58
3.4	Are the Existing Balancing Tools within the EU Trademark Law System Sufficient?	61
3.4.1	Utilitarian and Aesthetic Functionality	61
3.4.2	Limitations on Descriptive Use	67
3.5	Conclusion	70
Chapter 4	The Many Faces of the Average Consumer: Is It Really So Difficult to Assess Whether Two Stripes Are Similar to Three?	75
4.1	Introduction	75
4.2	Balancing Between Preserving the Public Domain and Protecting Consumers Against Confusion	77
4.3	Infringement Analysis in Confusion Cases: Imbalanced	80
4.4	National Case Law	85
4.5	Conclusion	98
Chapter 5	The Fairy Tale of the Average Consumer: Why We Should Not Rely on the Real Consumer When Assessing the Likelihood of Confusion	103
5.1	Introduction	103
5.2	Trademarks and Free Competition	106
5.3	Previous Studies	110
5.4	Methodology	112
5.5	Results	115
5.6	Analysis	123
5.6.1	Risk of Overbroad Protection	123
5.6.2	Counterbalances	124
5.6.3	Risk Areas	127
5.6.3.1	Non-Traditional Signs	127
5.6.3.2	Descriptive and Cultural Signs	132
5.6.4	Summation	135
5.7	An Exemplary Study of UK Case Law	135
5.8	Conclusion	137

Chapter 6	Which Honesty Test for Trademark Law? Why Traders' Efforts in Avoiding Trademark Harm Should Matter When Assessing Honest Business Practices	140
6.1	Introduction	140
6.2	Art. 10 <i>bis</i> of the Paris Convention	145
6.2.1	Background	145
6.2.2	Meaning of 'Honest Practices'	147
6.2.2.1	Normative Approach	148
6.2.2.2	Empirical Approach	152
6.3	CJEU Case Law	154
6.4	National Case Law	168
6.5	Conclusion	174
Chapter 7	Conclusion	175
7.1	Summary	175
7.2	Recommendations	180
	Samenvatting	187
	Aanbevelingen	193
	Bibliography	201
	Jurisprudence	220
	Legislation	230
	About the author	232

List of Abbreviations

AG	Advocate General
Am Bus Law J	American Business Law Journal
Am Psychol	American Psychologist
Ariz L Rev	Arizona Law Review
Ariz St LJ	Arizona State Law Journal
Art.	Article
Arts.	Articles
BerichtenIE	Berichten Industriële Eigendom
BCIP	Benelux Convention on Intellectual Property (Trademarks and Designs)
Berkeley Tech LJ	Berkeley Technology Law Journal
BGH	Bundesgerichtshof (German Federal Supreme Court)
BIE	Bijblad Industriële Eigendom
BIRPI	United International Bureaux For the Protection of Intellectual Property
BMM Bull	Beneluxvereniging van merken- en modellengemachtigden
Br J Soc Psychol	British Journal of Social Psychology
Brook L Rev	Brooklyn Law Review
BU L Rev	Boston University Law Review
BVIE	Benelux-verdrag inzake de intellectuele eigendom (merken en tekeningen of modellen) (Benelux Convention on Intellectual Property)
Cal L Rev	California Law Review
Cardozo Arts & Ent LJ	Cardozo Arts & Entertainment Law Journal
Cardozo L Rev	Cardozo Law Review
cf.	compare
Ch	Chancery Division
Cir.	Circuit
Civ	Civil Division
CJEU	Court of Justice of the European Union
Colum L Rev	Columbia Law Review
c.s.	cum suis
CTM	Community Trade Mark
CTMR	Community Trade Mark Regulation
CUP	Cambridge University Press
domjur	domeinnaamjurisprudentie
Duke LJ	Duke Law Journal
ECLI	European Case Law Identifier
EC	European Community
ECR	European Court Reports
ed	editor

eds	editors
edn	edition
EEA	European Economic Area
EEC	European Economic Community
EIPR	European Intellectual Property Review
Emory LJ	Emory Law Journal
et al	et alia
ETMR	European Trade Mark Reports
EU	European Union
EU Charter	Charter of Fundamental Rights of the European Union
EUIPO	European Union Intellectual Property Office
Eur J Oper Res	European Journal of Operational Research
EUTMR	European Union Trade Mark Regulation
EWCA	England and Wales Court of Appeal
EWHC	England and Wales High Court
F.	Federal Reporter
Fla L Rev	Florida Law Review
fn.	footnote
Fordham Intell Prop Media & Ent LJ	Fordham Intellectual Property, Media & Entertainment Law
Fordham L Rev	Fordham Law Review
Ga L Rev	Georgia Law Review
Games Econ Behav	Games and Economic Behavior
Geo LJ	The Georgetown Law Journal
Geo Mason L Rev	George Mason Law Review
GMVo	Gemeenschapsmerkenverordening (Community Trademark Regulation)
GRUR	Gewerblicher Rechtsschutz und Urheberrecht
GRUR Int	Gewerblicher Rechtsschutz und Urheberrecht – Internationaler Teil
GWB	Gesetz gegen Wettbewerbsbeschränkungen
Harv L Rev	Harvard Law Review
Hous L Rev	Houston Law Review
i.e.	that is
ibid.	ibidem
IEF	IE-Forum.nl
IER	Intellectuele Eigendom en Reclamerecht
IIC	International Review of Intellectual Property and Competition Law
Ing.-Cons.	L'ingénieur-conseil: revue technique et juridique des droits intellectuels
Intell Prop F	Intellectual Property Forum
IPQ	Intellectual Property Quarterly
J Abnorm Soc Psychol	The Journal of Abnormal and Social Psychology

JBPR	Jurisprudentie Burgerlijk Procesrecht
J Bus	The Journal of Business
J Consum Aff	The Journal of Consumer Affairs
J Consum Behav	Journal of Consumer Behaviour
J Consum Res	Journal of Consumer Research
J Exp Soc Psychol	Journal of Experimental Social Psychology
J Gen Psychol	The Journal of General Psychology
JGR	Jurisprudentie Geneesmiddelenrecht
JIPLP	Journal of Intellectual Property Law & Practice
J Legal Stud	The Journal of Legal Studies
J Mark	Journal of Marketing
J Market Pract	Journal of Marketing Practice: Applied Marketing Science
J Mark Res	Journal of Marketing Research
J Pers and Soc Psychol	Journal of Personality and Social Psychology
J Prod Innov Manag	Journal of Product Innovation Management
J Public Policy Mark	Journal of Public Policy & Marketing
J Retail	Journal of Retailing
J Soc Eco	The Journal of Socio-Economics
Law & Contemp Probs	Law and Contemporary Problems
Lewis & Clark L Rev	Lewis & Clark Law Review
LJ	Law Journal
LJN	Landelijk JurisprudentieNummer
Luiss L Rev	Luiss Law Review
MarkenG	Markengesetz (German Trade Mark Act)
MCAD	Directive concerning Misleading and Comparative Advertising
Mem St U L Rev	Memphis State University Law Review
Mod L Rev	The Modern Law Review
Mo L Rev	Missouri Law Review
MPI	Max Planck Institute
n	footnote
NC L Rev	North Carolina Law Review
Neb L Rev	Nebraska Law Review
NJ	Nederlandse Jurisprudentie
NJB	Nederlands Juristenblad
NJF	NJ Feitenrechtspraak
No.	number
Notre Dame L Rev	Notre Dame Law Review
NYU L Rev	New York University Law Review
OHIM	Office for Harmonization in the Internal Market
OJ	Official Journal
OLG	Oberlandesgericht (German Court of Appeal)
p.	page
para	paragraph
paras	paragraphs

PC	Paris Convention
Percept Mot Skills	Perceptual and Motor Skills
Percept Psychophys	Perception & Psychophysics
Pers Soc Psychol Rev	Personality and Social Psychology Review
pp.	pages
Psychol Rev	Psychological Review
Psychol Sci	Psychological Science
Rich J Global L & Bus	Richmond Journal of Global Law and Business
RvdW	Rechtspraak van de Week
RPC	Reports of Patent cases
Sci Am	Scientific American
Sydney L Rev	Sydney Law Review
Tenn L Rev	Tennessee Law Review
Tex L Rev	Texas Law Review
TMD	Trade Mark Directive
Trademark Rep	Trademark Reporter
transl.	translated
TRIPs	Trade-Related Aspects of Intellectual Property Rights (Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization)
UMVo	Uniemerkenverordening (European Union Trade Mark Regulation)
U.S.	United States Reports
UWG	Gesetz gegen den unlauteren Wettbewerb (German Act against Unfair Competition)
v.	versus
Vand L Rev	Vanderbilt Law Review
Westf.	Westfalen
Wis L Rev	Wisconsin Law Review
WIPO	World Intellectual Property Organisation
WTO	World Trade Organization
Yale LJ	The Yale Law Journal

1 Introduction

1.1 Research Question

This research aims to investigate to what extent the assessment of consumer perception in EU trademark law should be based on normative considerations or empirical findings in the light of the overarching objectives underlying the EU trademark system, including the aim to ensure undistorted competition, protect consumers against confusion and offer room for (commercial) freedom of expression. In particular, the research addresses potential risks of too much reliance on empirical findings when assessing consumer perception. Without normative corrections, EU trademark law may become a self-servicing mechanism for the industry. If trademark protection is granted whenever a company manages to educate consumers to recognise a given sign as a trademark, the need to keep certain signs free for other traders and/or the public at large could hardly ever prevail in cases where trademark law provides for the option to acquire distinctiveness through continuous use in trade. Similarly, the infringement analysis could become imbalanced if it was reduced to a mere exchange of empirical studies seeking to demonstrate or rebut the existence of a likelihood of confusion or dilution. Taking these questions and concerns as a starting point, the research seeks to critically assess current EU trademark law and practice, and develop a new framework for the assessment of consumer perception that reduces the risk of EU trademark registration and infringement decisions becoming a mere schematic exercise which trademark owners can influence through empirical evidence to such an extent that countervailing values, such as freedom of competition and (commercial) freedom of expression, are forced onto the side lines.

The research is closely linked with problems arising from current EU trademark law and practice. For example, it is not clear whether the measurement of consumer perception, as currently conducted in practice, guarantees the proper functioning of markets. Remarkably, assumptions regarding consumer perception are in fact often accepted without proof.¹ In the area of trademark registrations, assumptions stemming from CJEU jurisprudence, such as the assumption that consumers are not ‘in the habit’ of regarding non-traditional marks as indicators of origin, give rise to the question whether consumers really have difficulties recognising colours and shapes as identifiers of commercial source.² If the Court introduced the assumption of consumers not being ‘in the habit’ of perceiving such signs as trademarks as a tool to keep signs of this kind free, the effectiveness of this regulatory model becomes doubtful with every marketing strategy teaching consumers that colours or shapes can constitute trademarks. The consequences of operating on the basis of such assumptions can be far-reaching. If a trademark owner can prove that consumers recognise a particular sign as an

¹ See for example CJEU, judgment of 12 February 2004, case C-218/01, ECLI:EU:C:2004:88 (*Henkel*), para 49; CJEU, judgment of 7 October 2004, case C-136/02 P, ECLI:EU:C:2004:592 (*Mag Instrument/BHIM*), para 31; CJEU, judgment of 12 January 2006, case C-173/04 P, ECLI:EU:C:2006:20 (*Deutsche SiSi-Werke/BHIM*), para 31; CJEU, judgment of 6 May 2003, case C-104/01, ECLI:EU:C:2003:244 (*Libertel*); CJEU, judgment of 24 June 2004, case C-49/02, ECLI:EU:C:2004:384 (*Heidelberger Bauchemie GmbH*), para 39.

² CJEU, judgment of 6 May 2003, case C-104/01, ECLI:EU:C:2003:244 (*Libertel*), paras 65 and 55.

identifier of commercial source, trademark protection will normally be granted.³ Moreover, if a trademark owner can prove that his mark is recognised by a significant portion of the relevant population, the trademark will even be classified as a mark having a reputation, with the consequence of an enhanced scope of protection.⁴ Hence, the trademark system may appear as a self-servicing system if the decision on the grant and scope of protection actually depends on a schematic empirical approach to consumer perception.

At the same time, it is clear that EU trademark law offers sufficient starting points for a normative recalibration of empirical evidence. The concept of an average, well-informed consumer as such is already a normative legal construction⁵ that offers room for normative considerations besides empirical findings. If the average consumer is approached empirically, consumer behaviour can be assessed factually. If this concept is approached normatively, however, the law leaves room for assumptions regarding how consumers should behave in the marketplace, namely in a way that we believe generates a desirable result from the perspective of overarching policy goals, such as fair and undistorted competition, and this normative approach can deviate from how consumers behave in real life.⁶ Although Recital 16 of the Directive⁷ states that ‘the ways in which likelihood of confusion can be established, and in particular the onus of proof in that regard, should be a matter for national procedural rules,’ it may make sense to fill in the concept of the consumer normatively, because ‘the more the reasonably well-informed and reasonably observant and circumspect consumer is a normative fiction, the greater the scope for the CJEU to create *legal* rules that establish EU-wide standards. The more empirical that question becomes, the greater the role of national courts and the more likely that divergent market realities in Europe will result in different outcomes with adverse effects on the creation of an integrated market.’⁸

On the other hand, if we approach the concept of ‘consumer’ too normatively, we could indeed have a full Europeanisation of trademark law, but the consequence may also be a trademark law that fails to properly reflect market reality and prevent consumer confusion. For example, if we normatively decide that colours should not be registered, every trader could use the colours green and yellow on their tractors⁹ even if consumers recognise the colour combination as a badge of origin. This would mean disregarding one of the core rationales of trademark law, i.e. the protection of consumers against confusion. On the other hand, if we approach the concept of consumer too empirically, trademark owners may in practice be capable of teaching consumers to perceive any sign as a trademark by using the sign in a typical trademark context.¹⁰ Similar questions arise with regard to the scope of protection. The more a trademark owner invests in advertising presenting a particular

³ Admittedly, EU trademark law provides for the possibility of an outright exclusion of official signs, signs of high symbolic value, religious signs and functional shapes (Arts. 4(1)(e)(h), 4(3)(b),(c) TMD 2015). These outright exclusions cannot be overcome, even if the sign has acquired distinctiveness through use in trade.

⁴ CJEU, judgment of 14 September 1999, case C-375/97, ECLI:EU:C:1999:408 (*Chevy*), para 26.

⁵ CJEU, judgment of 11 November 1997, case C-251/95, ECLI:EU:C:1997:528 (*Puma/Sabel*), para 23; CJEU, judgment of 22 June 1999, case C-342/97, ECLI:EU:C:1999:323 (*Lloyd/Loints*), para 26.

⁶ Dinwoodie and Gangjee (2016), p. 345 (emphasis in the original text).

⁷ Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015.

⁸ Dinwoodie and Gangjee (2016), p. 369.

⁹ EUTM registration 006258131 of 31 July, 2008 (Deere & Company).

¹⁰ See Chapter 3.

trademark as a symbol of a desirable lifestyle or attitude, the more positive associations consumers will develop towards the trademark and the higher the chance that consumers will be willing to pay extra for the brand image evoked by the trademarked product. Once a trademark owner creates a favourable brand image, he can enjoy broader trademark protection, including protection against blurring, tarnishment and unfair free-riding. Again, EU trademark law appears as a self-servicing mechanism for the industry. In this case, the investment made by the trademark proprietor shapes the scope of protection.

If the trademark system indeed offers dysfunctional incentives (in the sense of encouraging its use as a self-servicing mechanism that allows the acquisition of rights and the extension of the scope of protection), we will need to develop a new theoretical framework. More specifically, it will be necessary to subject our legal assumptions about consumer perception to a careful evaluation based on an appropriate mixture of empirical and normative factors. One option might be to make sure that the analysis of the acquisition of trademark rights through use in trade and the application of infringement criteria take into account normative aspects, such as the interests of competitors and the public at large in keeping a given sign free, rather than basing decisions solely on the perceptions of the target public.¹¹ In the area of registration decisions, another option is to use normative considerations as a basis for introducing broader outright exclusions of particular signs from trademark protection – exclusions that apply regardless of whether the signs concerned have acquired distinctiveness through use in trade. The current functionality doctrine in EU trademark law can serve as an example of this regulatory model.

Against this background, the main research question underlying the following analysis can be summarised as follows:

How much importance should be attached to empirical and normative factors when assessing consumer perception in EU trademark law?

1.2 Methodology and Approach

1.2.1 Legal-theoretical Desk Research

This research question requires an in-depth analysis of the legal framework regarding consumer perception. To lay groundwork for the analysis of the interplay of empirical and normative impact factors in registration and infringement scenarios, I will first analyse the foundations and rationales of trademark law. Once the objectives of the protection system have been clarified, it becomes possible to assess the suitability of empirical and normative considerations as tools to further the overarching goals of the system (Chapter 2). Furthermore, this research will describe the role played by consumer perception when it comes to the question of trademark registration (Chapter 3), trademark infringement (Chapters 4 and 5), and trademark limitations requiring use in accordance with honest

¹¹ CJEU, judgment of 4 May 1999, case C-108/97, C-109/97, ECLI:EU:C:1999:230 (*Windsurfing Chiemsee*), para 48; CJEU, judgment of 6 May 2003, case C-104/01, ECLI:EU:C:2003:244 (*Libertel*), para 59; CJEU, judgment of 10 April 2008, case C-102/07, ECLI:EU:C:2008:217 (*Adidas/Marca*).

practices (Chapter 6). This investigation will include national and EU case law concerning consumer perception to determine whether the concept of consumer is seen as primarily normative or empirical at the moment, and to what extent this is problematic.

1.2.2 Interdisciplinary Approach

In addition, the study of empirical and normative impact factors includes an interdisciplinary analysis that goes beyond the discipline of law. The leading legal assumptions regarding consumer perception will be compared with insights from consumer behaviour theories, consumer marketing and economics literature to investigate whether the current legal assumptions are correct and appropriate in the light of the objectives underlying EU trademark law. The outcome of this interdisciplinary approach will be used to formulate recommendations for reforming the trademark law system (Chapter 7) if the research confirms that the current EU trademark system, indeed, applies an imbalanced amalgam of empirical and normative assessment factors.

1.2.3 Empirical Approach

Finally, the research project also includes a data analysis of 189 Dutch cases in an effort to investigate how national courts assess the likelihood-of-confusion question in practice when establishing the facts relevant to the decision. Analysing a large number of cases makes it possible to reveal the impact of the degree of a mark's distinctiveness and corresponding empirical findings on the likelihood-of-confusion assessment. In comparison to other EU countries, Dutch cases are of particular interest because of the regional character of the underlying trademark norms. The trademark legislation applied by Dutch courts is drawn from a single Treaty – the Benelux Convention on Intellectual Property (Trademarks and Designs) – which has direct effect in three EU Member States. Furthermore, Benelux law has traditionally been an important element in harmonising EU trademark law. The impact of the Benelux tradition can still be seen in the anti-confusion provision in the EU Trade Mark Directive.¹²

1.3 Research Questions and Outline

In conclusion, this following study consists of an inquiry into several complex questions that must be answered using insights from a number of fields. In addition to the more theoretical legal-doctrinal questions, behavioural theories and empirical studies are employed to investigate how much importance can be attached to an empirical appreciation of consumer perception without causing imbalances at the registration stage or when deciding on infringement.

To lay sufficient groundwork for discussing the main research question provided above, I need to take several steps and raise several sub-questions. As already indicated, I will first explore the theoretical foundations of the trademark law system. Focusing on the

¹² Art. 10(2)(b) TMD 2015 and Art. 9(2)(b) EUTMR.

objectives underlying trademark law, the study identifies the reasons for reliance on consumer perception as a central yardstick for registration and infringement decisions in EU trademark law. The analysis of the rationales of trademark protection also introduces the tension between a normative and an empirical approach to consumer perception. The corresponding research sub-question answered in Chapter 2 is as follows:

What are the rationales of trademark protection and are these rationales linked to a more normative or more empirical approach to consumer perception?

Chapter 2 elaborates on the rationales of trademark law, such as market transparency, fair and undistorted competition between traders, ensuring the efficient regulation of supply and demand in market economies, and in particular the importance of protecting consumers against confusion (including the reduction of consumer search costs from an economic perspective). The question of the need for protecting brand goodwill based on the double identity clause and the dilution doctrine is also discussed. Furthermore, countervailing values, such as freedom of (commercial) expression and freedom of competition are explored. Chapter 2 also points to the current tension in trademark law between a normative and an empirical approach to consumer perception, i.e. protection of consumer interest in enhanced consumer information and consumer choice versus the investments of trademark owners. The rationales of other intellectual property systems are also compared.

On this theoretical basis, the following Chapters (3-6) address the impact of a normative or empirical analysis of consumer perception on decisions concerning trademark registration, trademark infringement, and trademark limitations raising the question of honest practices. These chapters examine whether current EU trademark law on the acquisition (Chapter 3) and scope (Chapter 4-6) of protection is primarily based on normative considerations or on empirical findings, and whether this is problematic in the light of the overarching objectives of EU trademark law.

In Chapter 3, the following sub-question is answered:

Is the threshold for acquiring distinctiveness through use in trade high enough to prevent traders from investing in signs that belong to the public domain and should be kept free, or does EU trademark law create dysfunctional incentives and make it attractive for traders to invest in non-distinctive, descriptive and generic signs, such as cultural and non-traditional signs?

This chapter investigates whether the existing balancing tools in EU trademark law are sufficient to prevent the misappropriation of signs that should be kept free from the perspective of freedom of competition and freedom of (commercial) expression. In this context, the threshold for assuming acquired distinctiveness is viewed from a legal, economic and psychological perspective. It is argued that the threshold for assuming acquired distinctiveness is not efficient enough and should therefore be applied more restrictively. This chapter also discusses whether this instrument creates dysfunctional incentives by making it

attractive for traders to invest in non-distinctive, descriptive and generic signs. Trademark owners might influence that these signs acquire distinctiveness through use in trade and invest as needed until they acquire control of their preferred sign. Furthermore, the chapter analyses whether it is advisable to adopt a broader range of outright exclusion clauses that cannot be overcome through acquiring distinctiveness in consequence of use in trade. In addition, this chapter examines whether national and European case law on the acquisition of trademark rights, and in particular the possibility of acquired distinctiveness in the case of non-distinctive, descriptive and generic signs, follows a more normative or empirical approach to consumer perception.

Chapters 4 and 5 examine whether national and European case law on the scope of protection of trademarks is determined merely by normative considerations or empirical findings, including topics such as the concept of ‘likelihood of confusion’ and the concept of ‘average consumer’. The sub-question answered in Chapter 4 is:

Is it appropriate to rely almost exclusively on empirical findings concerning the public’s perception when assessing whether a likelihood of confusion exists, or does reliance on empirical findings create dysfunctional incentives and encourage traders to invest in marketing and branding campaigns concerning design elements that should better be kept free for competitors?

This chapter starts with an overview of literature and case law demonstrating that trademark law is not only about protecting trademark owners but also about ensuring undistorted, fair and meaningful competition. It is argued that the current infringement analysis in the confusion context is imbalanced since the CJEU has ruled in *Adidas/Marca* that no normative corrections should be made in favour of third parties’ interests. Furthermore, I provide a literature overview that reveals that the CJEU does offer broader protection against confusion in the case of highly distinctive marks, which is a normative correction in favour of trademark owners. From an empirical perspective, consumers are less likely to be confused when confronted with a sign similar to a highly distinctive trademark. The real perception of consumers is thus not decisive for the outcome of the case when highly distinctive trademarks are involved. In addition, I discuss national case law concerning the three-stripe motif of Adidas to illustrate that decisions were more balanced before than after the *Adidas/Marca* case.

Chapter 5 elaborates on the concept of likelihood of confusion and discusses the following sub-question:

How precisely do national courts assess likelihood-of-confusion questions in practice and do they follow a more normative or more empirical approach to consumer perception?

This chapter investigates whether the confusion analysis in trademark law is at risk of being used strategically as a self-servicing mechanism by the industry to obtain trademark rights to

descriptive, cultural and non-traditional signs. In this context, two features of the trademark system are seen as particularly worrisome. First, trademark owners can strengthen the distinctive character of their marks by investing in marketing and branding campaigns. Second, trademark owners can afford expensive surveys demonstrating the high distinctiveness of their marks and strengthening their position in an infringement case. I carried out a study of 189 Dutch cases to find out precisely how national courts approach the likelihood-of-confusion question in practice and whether they assess consumer perception more normatively or more empirically (thereby stressing the highly distinctive character of the trademark and corresponding market studies).

Chapter 6 explores the impact of a normative or empirical analysis of consumer perception on trademark limitations and the question of use in accordance with honest practices. The following sub-question is answered:

Should judges assess the honest practices proviso implemented in the trademark limitations from a normative perspective (according to ethical standards concerning behavioural norms of fairness and decency in a given sector) or an empirical perspective (assessing which measures are taken by competitors to reduce trademark harm)?

This chapter analyses how to interpret the honest practices proviso when assessing trademark limitations. The standard for assessing honest practices would currently involve a merely literal repetition of the infringement criteria, thereby resulting in a circular line of reasoning and leaving the limitations practically moot. In an attempt to explore possible solutions I first discuss Art. 10*bis* of the Paris Convention (PC) since it is from this provision that the expression ‘honest practices in industrial and commercial matters’ is derived. I then explore whether there is room for a broader interpretation of the concept of honest practices under CJEU case law. I also give some examples to illustrate how national courts could interpret the concept of honest practices. This chapter further analyses whether the honest practices proviso should be more normatively or more empirically based.

In the final chapter, the results of this inquiry are used as a starting point to formulate new solutions that may eliminate dysfunctional incentives and ensure a proper balance between trademark rights and the interests of consumers, competitors and the public at large. Summarising and synthesising the results of the research carried out in Chapters 1 to 6, Chapter 7 will lead to concluding recommendations on the appropriate combination of empirical and normative approaches in the context of trademark registration and infringement cases.

2 Rationales of Trademark Protection

2.1 Introduction

As other intellectual property rights, trademark rights can be seen as economic rights. The nature of trademark rights, however, is different from other intellectual property rights that protect creative or innovative efforts, such as copyright and patents.¹³ Another key element of trademark law is that the granted rights can last forever since protection depends on the perception of consumers and continuous, genuine use in trade, whereas copyright and patent law protection expire after a certain period of time, long enough to safeguard the intended incentive and reward.¹⁴

Rather than providing exclusive rights on creative or innovative efforts, trademark law offers a communication channel for enterprises to identify the goods or services coming from their business, distinguish their products from other traders, and transmit messages about their products to consumers. This in turn informs the market place, and regulates consumer choice by supplying the right products and reducing unwanted products at minimal consumer search costs. Instead of limiting competition, trademarks can thus be seen as a legal instrument that stimulates competition.¹⁵

Justifying the granting and scope of trademark rights, the CJEU frequently refers to certain functions that trademarks fulfil in the market place, such as the origin function, quality function, advertising function, investment function, and communication function.¹⁶ Elaborating on the rationales of trademark law, the trademark functions as recognised by the CJEU are therefore taken as a starting point here. This chapter further investigates to what extent trademark rights that safeguard these trademark functions are justified in light of economic or other rationales based on fairness and decency. Finally, it examines whether the trademark functions are at risk of creating a trademark system that is a self-servicing mechanism for the industry.

2.2 Essential Origin Function

The CJEU recognises the origin function as the ‘essential function’ of a trademark. The Court emphasises that the essential function of a trademark is ‘[to] guarantee the identity of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin.’¹⁷ In this regard, Recital 16 of the TMD 2015 states that the function of the protection

¹³ Brown et al. (2019), p. 528: ‘according to the dominant economic perspective there is no such reward for creativeness in the rationales underpinning registered trade mark protection: the theoretical underpinnings are generally regarded as far more market-focused.’

¹⁴ Cohen Jehoram et al. (2010), p. 7.

¹⁵ Kur and Senftleben (2017), pp. 3–4.

¹⁶ CJEU, judgment of 18 June 2009, case C-487/07, ECLI:EU:C:2009:378 (*L’Oréal/Bellure*), paras 58, 65.

¹⁷ CJEU, judgment of 12 November 2002, case C-206/01, ECLI:EU:C:2002:651 (*Arsenal/Reed*), para 48; CJEU, judgment of 16 November 2004, case C-245/02, ECLI:EU:C:2004:717 (*Anheuser Busch*), para 59; CJEU, judgment of 25 January 2007, case C-48/05, ECLI:EU:C:2007:55 (*Opel/Autec*), para 21; CJEU, judgment of 23

of the trademark ‘is in particular to guarantee the trade mark as an indication of origin.’ The CJEU stresses that ‘for the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.’¹⁸

The essential function was recognised for the first time in the context of enhancing the objective of a competitive common market.¹⁹ In *HAG-II*, the CJEU elaborated on whether national trademark rights could be seen as an impediment to the free movement of goods and result in an artificial partitioning of markets. In the CJEU’s view, trademarks could be justified as ‘an essential element of the system of undistorted competition which the Treaty aims to establish and maintain. In such a system enterprises must be able to gain customers by the quality of their products or services, which can be done only by virtue of the existence of distinctive signs permitting identification of those products and services.’²⁰

Trademark protection is thus needed for several reasons: trademarks enable enterprises to indicate commercial origin and give reliable quality information. As a result, consumers can rely on these signs, because third parties are prevented from making confusing use of trademarks and trademark proprietors run the risk of losing business when they do not keep quality at a satisfactory level. From the perspective of trademarks, as a vehicle of information, the origin function stimulates consumers to identify and choose products.²¹ Consumers however do not need to be aware of the manufacturer or place of production; it is enough that they are able to distinguish the marked products of an individual enterprise from those of other companies. Consumers would rather seek to identify certain products because of their specific product characteristics.²² In the absence of knowledge about the given local source, trademarks are now seen as safeguarding the link with a constant source of production.²³

The essential origin function is thus grounded in the fundamental principle of undistorted competition.²⁴ Safeguarding a transparent market through trademark protection

March 2010, cases C-236/08 to C-238/08, ECLI:EU:C:2010:159 (*Google/Louis Vuitton*), para 82. See also Art. 3(a) TMD 2015, which states that trademarks must be ‘capable of distinguishing the goods or services of one undertaking from those of other undertakings.’

¹⁸ CJEU, judgment of 12 November 2002, case C-206/01, ECLI:EU:C:2002:651 (*Arsenal/Reed*), para 48. See also: Cohen Jehoram et al (2010), p. 11. See further: CJEU, judgment of 25 July 2018, case C-129/17, ECLI:EU:C:2018:594 (*Mitsubishi/Duma*), para 44: ‘any act by a third party preventing the proprietor of a registered trade mark in one or more Member States from exercising his right to control the first placing of goods bearing that mark on the market in the EEA, by its very nature undermines that essential function of the trade mark.’

¹⁹ Gangjee (2013), p. 10.

²⁰ CJEU, judgment of 17 October 1990, case C-10/89, ECLI:EU:C:1990:359 (*HAG II*), para 13. See Max Planck Institute (2011), p. 51.

²¹ Gangjee (2013), p. 11; Griffiths (2011), p. 2.

²² Economides (1988), p. 527; Cohen Jehoram et al (2010), p. 37; Altman and Pollack (2020), para 17:2, pp. 21-22.

²³ Sakulin (2011), p. 44.

²⁴ CJEU, judgment of 17 October 1990, case C-10/89, ECLI:EU:C:1990:359 (*HAG II*), para 13; CJEU, judgment of 11 July 1996, cases C-427/93, C-429/93, and C-436/93, ECLI:EU:C:1996:282 (*BMS/Paranova*), para 43; CJEU, judgment of 11 November 1997, case C-349/95, ECLI:EU:C:1997:530 (*Loendersloot/Ballantine*), para 22; CJEU, judgment of 12 November 2002, case C-206/01, ECLI:EU:C:2002:651 (*Arsenal/Reed*), paras 47-48.

ensures fair competition between traders, protects consumers against confusion and supports the proper functioning of markets.

2.2.1 Quality Function

The quality function is closely related to the essential function; they are in fact ‘two sides of the same coin’.²⁵ The CJEU emphasises that under the trademark law system ‘an undertaking must be in a position to keep its customers by virtue of the quality of its products and services, something that is possible only if there are distinctive marks enabling customers to identify those products and services. For the trade mark to be able to fulfil this role, it must offer a guarantee that all goods bearing it have been produced under the control of a single undertaking that is accountable for their quality.’²⁶ The guarantee of a certain quality must be construed as part of the origin function.²⁷ As Advocate General Jacobs argues: ‘the relevance of the trade mark’s function as a guarantee of origin lies [...] in the fact that the trade mark conveys to the consumer certain perceptions as to the quality of the marked goods. The consumer is not interested in the commercial origin of goods out of idle curiosity; his interest is based on the assumption that goods of the same origin will be of the same quality.’²⁸

2.2.2 Reduction of Consumer Search Costs

From an economic perspective, the essential origin function can be seen in light of the consumer search costs rationale. By safeguarding the identifier of commercial source, trademark law prevents consumers from being misled and purchasing the wrong product. It also contributes to a trading environment in which consumers can rely on source identifiers.²⁹ The assurance that the information concerning the commercial source is correct leads to a

²⁵ Gangjee (2013), p. 11. See also: *Glaxo Group v Dowelhurst* [2000] ETMR 415, 425 (Ch) (Laddie, J.): ‘the mark is a sign to the customer both that the goods are the goods of a particular source (whether he knows or cares what that source is) and that the proprietor of the mark holds himself out as responsible for those goods and their quality. This representation of responsibility for quality is inseparable from the mark’s function as an indication of source.’ See also Opinion of AG Jacobs, 29 April 1997, case C-337/95, ECLI:EU:C:1997:222 (*Dior/Evora*), para 41.

²⁶ CJEU, judgment of 17 October 1990, case C-10/89, ECLI:EU:C:1990:359 (*HAG II*), para 13.

²⁷ CJEU, judgment of 12 November 2002, case C-206/01, ECLI:EU:C:2002:651 (*Arsenal/Reed*), para 60; Opinion of AG Jacobs, judgment of 29 April 1997, case C-337/95, ECLI:EU:C:1997:222 (*Dior/Evora*), para 42; CJEU, judgment of 12 February 2004, case C-218/01, ECLI:EU:C:2004:88 (*Henkel*), para 30; CJEU, judgment of 18 June 2002, case C-299/99, ECLI:EU:C:2002:377 (*Philips/Remington*), para 30.

²⁸ Opinion of AG Jacobs, 13 March 1990, case C-10/89, ECLI:EU:C:1990:112 (*HAG II*), paras 72, 18: ‘Without trade mark protection there would be little incentive for manufacturers to develop new products or to maintain the quality of existing ones. Trade marks are able to achieve that effect because they act as a guarantee, to the consumer, that all goods bearing a particular mark have been produced by, or under the control of, the same manufacturer and are therefore likely to be of similar quality. The guarantee of quality offered by a trade mark is not of course absolute, for the manufacturer is at liberty to vary the quality; however, he does so at his own risk and he — not his competitors — will suffer the consequences if he allows the quality to decline. Thus, although trade marks do not provide any form of *legal* guarantee of quality — the absence of which may have misled some to underestimate their significance — they do in economic terms provide such a guarantee, which is acted upon daily by consumers.’

²⁹ Kur and Senftleben (2017), p. 7; Posner (2011), p. 58; Bently and Sherman (2014), p. 816.

decrease in consumer search costs, which are defined as the costs of obtaining information about products or having to deal with the risks of uncertainty.³⁰ Search costs increase when products are complex or necessitate specialist knowledge to examine them properly, or when the product needs to be reliable, durable and safe in the long-term.³¹ Particularly, search costs arise concerning unobservable product features:

‘[in] many markets, sellers have much better information as to the unobservable features of a commodity for sale than the buyers. This is known as information asymmetry. Unobservable features, valued by the consumer, may be crucial determinants of the total value of the good. Observable features can often be imitated to the smallest detail, even though huge differences remain in the unobservable features of the product. In the absence of trademarks, faced with the choice between goods which look identical, the consumer will only by chance pick the one with the desirable unobservable qualities.’³²

In essence, trademarks improve the efficiency of purchasing decisions and contribute to a better functioning of markets in general.³³ Trademarks also enable consumers to use their own meaning-making as a source of information.³⁴ Consumers generate information about their own previous product experiences³⁵ or collect information based on experiences from family members or friends, and ultimately decide on which meanings they attach to a certain trademark.³⁶ Accordingly, consumers can easily and quickly obtain the necessary information about desirable products through perceiving the trademark. Consumers do not need to fully investigate the commercial source and product qualities of a potential purchase, but simply extract the necessary information from the trademark to make an informed purchasing decision. Trademarks thus provide product-related information at a low cost, enhance consumer information, and generate more market competition.³⁷

³⁰ Griffiths (2008), pp. 246-247; Griffiths (2011), p. 127; Landes and Posner (1987), pp. 269-270; Kratzke (1991).

³¹ Griffiths (2008), p. 247.

³² Economides (1988), p. 526.

³³ Kur and Senftleben (2017), p. 7; Griffiths (2008), p. 247; Landes and Posner (1987), p. 266; Bently and Sherman (2014), p. 816; Bradford (2008), p. 1243. Trademark protection also ensures that the right products are produced and offered on the market, and thus guarantees the efficient distribution of resources: ‘by enabling consumers to connect information to precise product[s] more accurately, trademarks help consumers express more accurately their preferences and tastes for the varying mix of product features, quality, and prices each finds desirable. Trademarks can, therefore, help ensure that the pricing signals received by producers from the market (or “expressed demand”) more accurately reflect consumer’s actual tastes and preferences (or “actual demand”).’ See: Lunney (1991), p. 432. See also: Kratzke (1991), p. 212.

³⁴ Griffiths (2008), p. 248.

³⁵ Trademarks could also help consumers to buy infrequently purchased goods. A consumer may be an infrequent buyer of a certain electronic product, but a frequent buyer of the overall category of electronic products, and they could use their previous experience to buy goods sold under the same trademark. Having said that, enterprises do not per definition sell all their products according to the same high quality standards. This only happens if demand and cost conditions are highly similar. See Economides (1988), p. 531.

³⁶ Kur and Senftleben (2017), p. 8; Economides (1988), p. 528.

³⁷ Kur and Senftleben (2017), p. 8.

2.2.3 Incentive for Improving Product Variety and Quality

In addition to granting essential product information, trademarks stimulate enterprises to keep product quality at a satisfactory level.³⁸ If enterprises start to reduce their product quality standards, consumers expecting to get a higher product quality will probably be disappointed and avoid subsequent purchases. In particular, trademarks encourage enterprises to invest in unobservable product characteristics. If there were no trademarks

‘...firms would produce products with the cheapest possible unobservable qualities, because high levels of unobserved qualities would not add to a firm’s ability to sell at a higher price and realize higher profits. However, if there is a way to identify the unobservable qualities, the consumer’s choice becomes clear, and firms with a long horizon have an incentive to cater to a spectrum of tastes for variety and quality, even though these product features may be unobservable at the time of purchase.’³⁹

Accordingly, it could be argued that trademarks are at least indirectly responsible for keeping the quality standard at a constantly satisfactory level. Due to the source-identifying function of trademarks, enterprises are stimulated to invest in product quality and variety, and encourage innovation, particularly when consumers are highly risk-averse with regard to hidden features.⁴⁰ Consumers may pay a substantial premium for the guarantee of a certain quality of the hidden features of the products.⁴¹ Traders offering trademarked products that do not comply with the quality standards to be expected by consumers will probably be less successful.⁴²

2.2.4 Risk of Expanding Trademark Protection

The search costs rationale thus provides a strong justification for the protection of the origin function of a trademark. It can also be invoked with regard to the quality function. Nevertheless, granting trademark protection leads to social costs since trademark owners can

³⁸ Kur and Senftleben (2017), p. 8; Griffiths (2008), pp. 248-249; Landes and Posner (1987), p. 269-270; Posner (2011), p. 58; Altman and Pollack (2020), para 17:3, p. 24; Griffiths (2011), p. 35.

³⁹ Economides (1988), p. 526. See also: Kur and Senftleben (2017), p. 8; Griffiths (2008), p. 247; Griffiths (2011), pp. 128, 131-132.

⁴⁰ Griffiths (2008), p. 247; Economides (1988), p. 527; Landes and Posner (1987), pp. 269, 280, 303; Maniatis and Kamperman Sanders (1993), p. 407. Nevertheless, trademarks do not necessarily guarantee consistency of quality. Consumers cannot know whether enterprises have changed their business strategy resulting in a decrease of the quality standard of their products. Enterprises may decide that reducing product quality and costs might outweigh the costs of a damaged reputation and long-term sales once consumers become aware of the product’s decreased quality. Firms might not be concerned about future profits, for example if a manager serves his own interests rather than those of shareholders. By the time the company becomes less successful, the manager will have moved on. See: Aldred (2008), pp. 270-272. See also: Griffiths (2011), p. 109, 146. However, traders are not allowed to change the trademarked product in such a way that consumers are deceived (Economides (1988), p. 529; Altman and Pollack (2020), para 17:3, p. 23).

⁴¹ Griffiths (2008), p. 248.

⁴² Kur and Senftleben (2017), p. 9.

enjoy protection for a potentially unlimited period of time.⁴³ Trademark protection increases the information costs for other traders and newcomers who might not have sufficient advertising funds.⁴⁴ Therefore, the benefits of reducing consumer search costs have to be balanced against other traders' legitimate reasons for using similar signs.

A problematic aspect is the costs of exclusion; these costs greatly depend on the right boundaries around subject matter and scope of protection. If the subject matter of a trademark is too broadly defined, other traders could be hindered in their ability to compete.⁴⁵ Protecting a trademark consisting of descriptive terms or words that other traders may reasonably want to use is more costly than protecting unusual words or invented and arbitrary words.⁴⁶ These marks contain additional information that is useful to consumers, such as information about the features or the source of the product, and therefore form a partial substitute for advertising.⁴⁷ For instance, if traders are prevented from informing consumers that their products are tasty or fresh, the traders' ability to compete effectively decreases.⁴⁸

To counterbalance these costs, trademark law traditionally only prohibits the use of identical or similar signs attached to identical or similar goods when a likelihood of confusion among consumers exists.⁴⁹ Furthermore, only distinctive signs achieve trademark protection.⁵⁰ Nevertheless, in the last decades, the subject matter and scope of trademark protection have increased. For example, several types of non-traditional marks can be currently registered, including marks consisting of colours, shapes, sounds, smells, video clips, holograms or gestures.⁵¹ One of the causes seems to lie in the definition of 'what can represent a mark':⁵²

⁴³ Calboli (2018), p. 289; Kratzke (1991); Bently and Sherman (2014), p. 813.

⁴⁴ Bradford (2008), p. 1242; Bently and Sherman (2014), p. 814.

⁴⁵ Sakulin (2011), pp. 56-57. The reduction of search costs should therefore not be seen as 'an end in itself'. Instead, trademark protection aims to generate a more competitive market. In this light, trademark protection on certain signs, such as shapes, should be rejected if it reduces competition, even though this could lead to higher search costs. Bently and Sherman (2014), p. 816; Dogan and Lemley (2008), p. 69.

⁴⁶ Griffiths (2008), p. 259; Griffiths (2011), pp. 233, 235-236.

⁴⁷ Cross (1997), p. 106; Bently and Sherman (2014), p. 814.

⁴⁸ Landes and Posner (1987), p. 296.

⁴⁹ Art. 15 TRIPs Agreement; Art. 10(2)(b) TMD 2015.

⁵⁰ Art. 3 TMD 2015 refers to the abstract capability to distinguish, while Art. 4(1)(b) TMD 2015 stipulates the actual distinctiveness of a trademark in relation to the goods or services. The abstract capability to distinguish exists independently of a concrete product reference and cannot acquire distinctiveness through use in trade. It exists if it cannot be excluded that the sign can serve as a product-identifying and origin-meaning means for any conceivable product. From a purely theoretical perspective, the sign must have the capacity to perform the function of a trademark on the market. For example, the trademark 'Deutsche Bank' is distinctive in the abstract, although it does not have concrete inherent distinctiveness with regard to services in class 36. However, if the sign acquires distinctiveness through use in trade, the trademark has become concretely distinctive for services in class 36. See Fezer (2009), pp. 350-352, 551.

⁵¹ New types of trademarks might be particularly problematic: 'trademark rights in certain non-traditional trademark subject matter may in effect be broader than rights in word marks and other traditional marks. There is always a chance the party claiming infringement owns a very broad scope of rights in a non-traditional mark since (1) the right of trademark exclusivity extends to marks which are identical *or* similar to the mark – identity of the parties' marks is not required – and (2) courts and juries may deem the mark to encompass a larger range of subject matter than what is actually used by the trademark owner since the registration may not provide clear notice of the boundaries of the mark.' Therefore, it might be better to interpret the text of Art. 15(1) TRIPs narrowly and to establish that certain types of marks cannot be used to distinguish goods or services. See: Ramsey (2020), pp. 205, 208.

‘Notably, the test to protect a sign as a mark is no longer that a sign necessarily needs to be distinctive of existing products. Instead, any sign that has a potential to be distinctive – that is because it is original, interesting, and appealing to the human eye and sense – can be protected as a mark. Today, this can include, not surprisingly, product designs and a variety of aesthetic product features, which are certainly distinctive under this looser and circular definition.’⁵³

In addition, the degree of distinctiveness not only stipulates whether a sign can be registered but it also influences the scope of protection. The more distinctive the trademark, the greater the scope of trademark protection.⁵⁴ The distinctiveness requirement might therefore be risky.⁵⁵ As McKenna points out,

‘Modern trademark law essentially instantiates a one-way ratchet to broader trademark rights. As courts in the early twentieth century broadened trademark owners’ rights, consumers grew to expect that trademark owners had increasingly broad control over their marks. Those changed consumer expectations then became the basis for even broader trademark rights, which then in turn created even greater expectations. And on it has spiralled, with the help of marketers, who specialize in influencing consumer expectations.’⁵⁶

The exclusive rights necessary to protect the origin function of a trademark can be used strategically to achieve additional profits. Although trademark owners need to be exclusively entitled to use a trademark in all market segments and prevent third parties from using confusingly similar signs in order to communicate about the trademarked product effectively, they will not hesitate to also attach messages to the trademark that are unrelated to the commercial origin.⁵⁷ The exclusive rights necessary to guarantee the essential origin function of the trademark automatically also protect and stimulate proprietors to invest in the creation of their desired brand image.⁵⁸ This raises the question of whether trademark law should go

⁵² Calboli (2018), pp. 293-294. See Art. 15(1) TRIPs Agreement: ‘Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.’

⁵³ Calboli (2018), p. 295. Irrespective of this looser definition, the trademark still needs to overcome the absolute grounds for refusing trademark registration (Art. 4 TMD). Besides, the possibility of registering product shapes is not new. Nevertheless, historically, product shapes were not protectable in countries like the United Kingdom and Germany. See Gangjee (2018), p. 63; Beier and Reimer (1955), p. 1282.

⁵⁴ Art. 16(3) TRIPs Agreement, Art. 10(2)(c) TMD 2015.

⁵⁵ As trademark owners can teach consumers to perceive practically any sign as a trademark and subsequently be rewarded with trademark protection. See Gangjee (2018), p. 61; Senftleben et al (2012), pp. 7-8.

⁵⁶ McKenna (2007), p. 1899.

⁵⁷ Kur and Senftleben (2017), pp. 9-10.

⁵⁸ Griffiths (2011), pp. 111, 123-124.

beyond its core function of protecting trademarks as source identifiers, and broaden the scope of protection to additional functions related to the creation of a brand image.⁵⁹ In Austin's view

'[i]f consumer impressions were fully delineating of the rights in a trademark, the metes and bounds of trademark rights could be largely determined by the genius of marketers and the resources firms have available to promote their brands. [...] We have a typical chicken-and-egg problem here: do brands expand as a result of the efforts of marketers, or do changes in the law encourage marketers to think of new ways of expanding brands? And there is also an important normative aspect to all of this: *should* the law fall into step with marketers' innovations, and bolster their activities with legal rights to match?'

2.3 Accessory Functions

For several years, it was unclear whether it was possible to protect additional functions that go beyond the core origin function of trademarks.⁶¹ Before the EU trademark legislation came into force, in several EEC Member States it was common to provide for enhanced protection in cases involving a trademark that was 'famous' or known to a substantial part of the relevant circles, and where the use was considered 'unfair'. However, most countries granted this form of protection based on provisions of unfair competition legislation or general tort law instead of trademark law.⁶²

It was only in the context of Europeanisation that enhanced protection for reputable marks was laid down in the Community Trade Mark Regulation and optionally in the Trade Mark Directive. In the proposals for the final legislation, protection was granted against the use of identical or similar marks for identical or similar goods or services, 'where such use creates a serious likelihood of confusion on the part of the public'.⁶³ Enhanced protection against similar signs used for dissimilar goods was accepted, though protection was restricted to community marks 'with wide repute'.⁶⁴ It was between 1984 and the adoption of the TMD in 1988 that the present notion of 'trade marks having a reputation', which was broader than the previous concepts of 'famous' marks or marks with 'wide repute', was enshrined in the TMD as well as the CTMR.⁶⁵

However, this extended protection only concerned trademarks with a certain degree of renown; so the impact could be restricted. The consideration that 'ordinary' marks could also

⁵⁹ Kur and Senftleben (2017), pp. 9-10.

⁶⁰ Austin (2008), pp. 174-175.

⁶¹ Gangjee (2013), p. 9. Kur and Senftleben (2017), p. 13.

⁶² Kur and Senftleben (2017), p. 11.

⁶³ Proposal for a first Council Directive to approximate the laws of the Member States relating to trade marks, OJ C 351/1 (31.12.1980).

⁶⁴ Proposal for a Council Regulation on Community trade marks, OJ C 351/5 (31.12.1980).

⁶⁵ Art. 8(1)(d) of the Amended Proposal for a Council Regulation on the Community Trade Mark COM(84) 470, OJ C 230/1, 31.8.1984: 'where the [trade mark] is of wide repute in the Community and where use of that sign would constitute unwarranted exploitation of the commercial value and the repute of the Community trade mark'. See also: Kur and Senftleben (2017), p. 12.

enjoy broader protection may not even have occurred to the legislators, although it was not explicitly excluded. Since recital 8 CTMR and recital 10 (later 11) TMD state that ‘in particular’ the origin function of a trademark should be protected, there was room left for protecting other functions than the essential origin function.⁶⁶ This became apparent in the context of trademark protection in double identity cases. After years of uncertainty, the CJEU finally stated in *L’Oréal/Bellure*:

‘These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising.’⁶⁷

Accordingly, enhanced protection under the double identity clause could also be granted if a trademark did not have a reputation.⁶⁸ Under the double identity rule all trademarks have protection of communication, investment, and advertising functions. In *Interflora v. Marks & Spencer*, the CJEU confirmed this ruling by stating that although a trademark always fulfils its origin function, it also performs other functions if the proprietor uses these accordingly, for example for advertising or investment purposes. If a trademark fulfils one or more accessory functions, protection should be granted under the double identity rule. The CJEU concluded that there were no grounds to argue that only trademarks with a reputation could perform functions other than that of indicating origin.⁶⁹

The CJEU has discussed the advertising function in several cases, and addressed the fact that the positive reputation of a well-known mark needed protection irrespective of whether the origin function was affected,⁷⁰ thus even when consumers were not likely to be

⁶⁶ The CJEU may recognise even more trademark functions in future. See for example: Opinion of AG Trstenjak, 3 February 2011, case C-482/09, ECLI:EU:C:2011:46 (*Budějovický Budvar/Anheuser-Busch*), para 63, fn. 26: ‘They include, according to legal writing on trade mark law, inter alia the coding, guarantee, origin, identification and individualisation, information and communication, monopolising, naming, quality, distinction, confidence, distribution and advertising functions, without the individual functions always having legal relevance in addition.’ See also: CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 39.

⁶⁷ CJEU, judgment of 18 June 2009, case C-487/07, ECLI:EU:C:2009:378 (*L’Oréal/Bellure*), para. 58.

⁶⁸ In the sense of Art. 9(2) EUTMR or Art. 10(2)(c) TMD 2015. Although for double identity protection, the signs and products must be identical, whereas for extended protection similarity between the signs and products is sufficient. Besides, the functions must be detrimentally affected under the double identity clause, whereas for extended protection merely taking unfair advantage is sufficient.

⁶⁹ CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 40. These functions are further confirmed in: CJEU, judgment of 23 March 2010, cases C-236/08, C-237/08 and C-238/08, ECLI:EU:C:2010:159 (*Google/Louis Vuitton Malletier et al*), para 77; CJEU, judgment of 25 March 2010, case C-278/08, ECLI:EU:C:2010:163 (*Die BergSpechte Outdoor Reisen/Günter Guni*), para 31; CJEU, judgment of 8 July 2010, case C-558/08, ECLI:EU:C:2010:416 (*Portakabin Ltd/Primakabin BV*), para 30.

⁷⁰ Well-known marks ‘frequently perform functions which go beyond linking goods or services to a uniform source. They present a powerful image of quality, exclusivity, youth, fun, luxury, adventure, glamour or other reputedly desirable lifestyle attributes, not necessarily associated with specific products but capable of presenting a strong marketing message in itself.’ See: Opinion of AG Sharpston, 26 June 2008, case C-252/07, ECLI:EU:C:2008:370 (*Intel Corporation/CPM United Kingdom Ltd*), para 8.

confused.⁷¹ In using a trademark, the proprietor might not only seek to indicate the origin of their product, but also use ‘its mark for advertising purposes designed to inform and persuade consumers.’⁷² The defendant’s use of the trademark can therefore be prohibited ‘where that use adversely affects the proprietor’s use of its mark as a factor in sales promotion or as an instrument of commercial strategy.’⁷³

The investment made to develop the reputation of trademark is also seen as worth protecting.⁷⁴ The creation of a brand image is an expensive endeavour.⁷⁵ The investment function concerns the proprietor’s use of the trademark ‘to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty’.⁷⁶ If a third party substantially interferes with the proprietor’s investments to achieve this reputation, the third party’s use adversely affects the trademark’s investment function.⁷⁷ Although there might be some

⁷¹ Although it seems to have been reluctant to consider that the function was factually impaired. See: Simon Fhima (2011), p. 325. See also: Gangjee (2013), p. 12. See further: CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 38; CJEU, judgment of 23 March 2010, cases C-236/08 to C-238/08, ECLI:EU:C:2010:159 (*Google/Louis Vuitton*), para. 77; CJEU, judgment of 18 June 2009, case C-487/07, ECLI:EU:C:2009:378 (*L’Oréal/Bellure*), paras 58, 65.

⁷² CJEU, judgment of 23 March 2010, cases C-236/08 to C-238/08, ECLI:EU:C:2010:159 (*Google/Louis Vuitton*), para 91.

⁷³ CJEU, judgment of 23 March 2010, cases C-236/08 to C-238/08, ECLI:EU:C:2010:159 (*Google/Louis Vuitton*), para 92. See also: CJEU, judgment of 25 July 2018, case C-129/17, ECLI:EU:C:2018:594 (*Mitsubishi/Duma*), para 46. Regarding keyword advertising cases, however, the CJEU stated that the third party’s use of the trademark to pop up the display of one’s own advertising as a sponsored link does not lead to an adverse effect. This trademark would also appear highly in the list of natural search results (CJEU, judgment of 23 March 2010, cases C-236/08 to C-238/08, ECLI:EU:C:2010:159 (*Google/Louis Vuitton*), paras 97-98). Furthermore, the mere fact that the third party’s use of keyword advertising forces the trademark owner to intensify his own advertising to maintain or strengthen his profile with consumers, cannot be seen as an adverse effect of the advertising function (CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 57).

⁷⁴ Opinion of AG Jacobs, 29 April 1997, case C-337/95, ECLI:EU:C:1997:222 (*Dior/Evora*), para 42: ‘Those functions are said to arise from the fact that the investment in the promotion of a product is built around the mark. It is accordingly reasoned that those functions are values which deserve protection as such, even when there is no abuse arising from misrepresentations about either origin or quality.’ The Advocate General, however, argued that these additional functions are ‘merely derivatives of the origin function’.

⁷⁵ EU General Court, judgment of 19 June 2008, case T-93/06, ECLI:EU:T:2008:215 (*Mülhens GmbH & Co. KG/OHIM*), para. 26: ‘the mark has an inherent economic value which is independent of and separate from that of the goods or services for which it is registered. The messages in question which are conveyed inter alia by a mark with a reputation or which are associated with it confer on that mark a significant value which deserves protection, particularly because, in most cases, the reputation of a mark is the result of considerable effort and investment on the part of its proprietor.’

⁷⁶ CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 60. See also: CJEU, judgment of 25 July 2018, case C-129/17, ECLI:EU:C:2018:594 (*Mitsubishi/Duma*), para 46.

⁷⁷ However, the trademark owner cannot evoke their trademark rights – in conditions of fair competition that respect the trademark’s function as an indication of origin – when the only consequence of the third party’s use in keyword advertising is that the trademark owner has to increase their efforts to acquire and preserve a reputation capable of attracting consumers and retaining their loyalty. If some consumers no longer buy the trademarked products, this is not sufficient to conclude that the investment function has been affected. See: CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 64.

overlap with the advertising function, the CJEU argues that the two are nonetheless different. Not only is advertising deployed but several commercial techniques are also used to develop and maintain a trademark's reputation.⁷⁸

The final function discussed here is the communication function, which has not so far been elaborated by the CJEU, and the necessity of which is debatable since it seems to overlap broadly with the other functions.⁷⁹ An explanation of the communication function can be found in the Advocate General's opinion of the *L'Oréal/Bellure* case. In his view, a trademark is an instrument that gives consumers different types of information on the goods it identifies, including "accumulated" information on the mark as a result of promotion and advertising carried out by the proprietor – for example, messages relating to non-physical characteristics which give an image of the product or the company in terms which are general (for example, quality, trustworthiness, reliability, etc.) or particular (for example, a certain style, luxury, strength).⁸⁰ That capacity of the trademark to communicate information would therefore also deserve protection.

With the recognition of these accessory functions, the CJEU thus accepted the protection of trademarks as brands: 'These other functions are relevant in the contemporary business life where trade marks often acquire independent economic value as brands that are used to communicate wider messages than the simple origin of goods or services.'⁸¹ The CJEU expanded the protection of trademarks, particularly those with a reputation.⁸² While the protection of these other functions might still be based on the origin function,⁸³ it also seems conceivable to protect the accessory functions independently, so that the origin function of the trademark does not necessarily have to be impaired.⁸⁴

⁷⁸ CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 61.

⁷⁹ Gangjee (2013), pp. 11-12; Kur and Senftleben (2017), p. 303. See also Opinion of AG Jääskinen, 9 December 2010, C-324/09, ECLI:EU:C:2010:757 (*L'Oréal/eBay*), para 112, fn. 58: 'As to the communication function, it seems that in the doctrine the elements of this function are to a large extent covered by the distinguishing and origin function, advertising function and the investment function. Hence it is not necessary to address it separately here.'

⁸⁰ Opinion of AG Mengozzi, 10 February 2009, case C-487/07, ECLI:EU:C:2009:70 (*L'Oréal/Bellure*), para 54.

⁸¹ Opinion of AG Jääskinen, 9 December 2010, case C-324/09, ECLI:EU:C:2010:757 (*L'Oréal/eBay*), para 46.

⁸² However, the further development of the function theory indicates that it not only extends the scope of protection by including more trademark functions, it also can work in the opposite direction. In ruling that no adverse affect could be identified, the CJEU has developed the function theory as a tool to reject a trademark claim. Therefore, the function theory is shown to operate in two directions. On the one hand, it extends the scope of the double identity rule. On the other hand, it functions as a balancing tool that might replace explicit defenses in the wording of Art. 9(2)(a) EUTMR and Art. 10(2)(a) TMD 2015, such as a reputation requirement and a 'due cause' defense. In this way, the function theory may restrain the scope of protection to reasonable proportions. See: Kur and Senftleben (2017), p. 15.

⁸³ Opinion of AG Jacobs, 29 April 1997, case C-337/95, ECLI:EU:C:1997:222 (*Dior/Evora*), para 42: 'However, those functions seem to me to be merely derivatives of the origin function: there would be little purpose in advertising a mark if it were not for the function of that mark as an indicator of origin, distinguishing the trade mark owner's goods from those of his competitors. In my view, therefore, even if other facets of trade marks might require protection in certain circumstances, the Court's emphasis on the origin function of trade marks was, and remains, an appropriate starting point for the interpretation of Community law relating to trade marks.'

⁸⁴ CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 38; CJEU, judgment of 23 March 2010, cases C-236/08 to C-238/08, ECLI:EU:C:2010:159 (*Google/Louis*

Furthermore, regarding extended protection,⁸⁵ the CJEU ruled in *L'Oréal/Bellure* that the brand image need not be harmed; the mere advantage taken by the defendant of the brand image and reputation could already be considered unfair:

‘In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.’⁸⁶

The CJEU thus factually acknowledges ‘the brand as an independent object of proprietary rights’.⁸⁷ If a third party is likely to benefit from the positive brand associations, this use of the trademark can also be prohibited. The marketing efforts made by the trademark owner to create and sustain the brand image currently provide a basis for guaranteeing legal protection.⁸⁸

2.3.1 Reduction of Consumer Search Costs

The justification for protecting brand goodwill based on the accessory trademark functions and the concept of dilution is debatable. Proponents of brand protection argue that this additional form of protection must be seen in light of the aim of reducing search costs.⁸⁹ The

Vuitton), para 77; CJEU, judgment of 18 June 2009, case C-487/07, ECLI:EU:C:2009:378 (*L'Oréal/Bellure*), paras 58, 65.

⁸⁵ Which was then dealt with by the CJEU under Art. 5(2) TMD, which is now Art. 10(2)(c) TMD 2015.

⁸⁶ CJEU, judgment of 18 June 2009, case C-487/07, ECLI:EU:C:2009:378 (*L'Oréal/Bellure*), para 49.

⁸⁷ Gangjee (2013), p. 15. Although the CJEU seems to have been reluctant to concretely determine in which cases the accessory functions of the trademark are in fact affected. Instead, the origin function has been interpreted more broadly. See: Kur (2020), pp. 169-170, 172.

⁸⁸ This can be seen as a shift in the trademark doctrine. Traditionally, trademarks were based on preventing deception and later on economic rationales. See Gangjee (2013), p. 15. Nevertheless, the CJEU revealed in *Interflora/Marks & Spencer* that they are willing to consider whether free-riding was made with ‘due cause’. If the advertiser only wanted to provide an alternative for the products of the trademark owner, without causing dilution or tarnishment and without adversely affecting the functions of the trademark in question, then it is reasonable to conclude that this was done within the ambit of fair competition (CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para. 91). Furthermore, also in the functions discussion the CJEU has enabled competitors to rely on the functions against actions that are inherent in fair competition, such as offering alternatives to the protected brand (CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), paras. 57-58, 64; CJEU, judgment of 23 March 2010, cases C-236/08-C-238/08, ECLI:EU:C:2010:159 (*Google/Louis Vuitton*), para. 69.

⁸⁹ Trademark dilution protects the trademark against interferences with its uniqueness. This is classically described as ‘the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use on non-competing goods’. Schechter (1927), p. 825. The concept of dilution is ‘targeted at reducing consumer search costs, just as traditional trademark law is.’ Dogan and Lemley (2005), p. 493; Bradford (2008), p. 1231.

immediate association between the trademark and the goods or services for which it is registered would be weakened if a trademark becomes associated with several unrelated products, leading to increased consumer search costs:

‘Suppose an upscale restaurant calls itself “Tiffany.” There is little danger that the consuming public will think it’s dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name “Tiffany” they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder – incur as it were a higher imagination cost – to recognize the name as the name of the store ... So “blurring” is one form of dilution.’⁹⁰

A third party who takes a free-ride on the familiarity of a well-known trademark thus causes an increase in ‘internal search costs’, i.e. the mental time and effort required of consumers to associate the trademark with the proprietor of the goods and the corresponding goodwill.⁹¹ Since other associations are built around the trademark, the next time consumers are confronted with the trademark they must ‘think for a moment’ before they recognise it as the mark of the product.⁹² Trademarks are ‘information chunks’ that serve as ‘core nodes’ in memory around which consumers connect and organise other ‘associated’ information about the product.⁹³ New associations to this cognitive network would weaken this chunk of information and thereby the strength of the brand.⁹⁴

Furthermore, dilution protection would not only be needed to protect strong and unique brands, it would also maximise consumer choice: ‘In consumers’ hectic lives today, the shortage of time requires that brands help “edit” the overwhelming array of choices in a crowded marketplace.’⁹⁵ It has also been argued that an increase in time or effort to assess a trademark might create negative feelings towards the trademark in the same way as a familiar brand evokes positive feelings. Trademark familiarity makes it easier to decide efficiently because of its capability to transmit information about risk and quality to consumers through quick and efficient innate emotional response mechanisms.⁹⁶ Consumers might have less positive feelings towards the senior mark after sufficient exposure to blurring ‘not because she believes the blurring uses were authorized, but because she now reflexively finds the senior

⁹⁰ Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002).

⁹¹ Bradford (2008), p. 1232; Jacoby (2001), p. 1047; Landes and Posner (2003), p. 207; Tushnet (2008), p. 518. ‘The information consumers can obtain and process is in part a function of how clear the association between mark and product remains in their minds; ‘clutter’ therefore imposes real costs on consumers.’ Lemley (1999), p. 1704 fn. 90. See also: Swann (2002), p. 610.

⁹² Posner (1992), p. 75; Beebe (2006), p. 1149. See also McCarthy (2004), pp. 727-28: ‘there is potential harm to both consumers and mark owners if a once-unique designation loses its uniqueness. The argument is that this makes it harder for consumers to link that designation with a single source – the hallmark of a strong trademark. Under this theory, dilution increases the consumer’s search costs by diffusing the identification power of that designation.’

⁹³ For example, the trademark ‘Budweiser’ reflects a certain price, the name of the manufacturer, that it is produced in containers and labelled with a red and white logo, etc. See: Jacoby (2001), pp. 1024-1025.

⁹⁴ Jacoby (2001), p. 1049.

⁹⁵ Swann (2002), pp. 598, 603.

⁹⁶ Bradford (2008), pp. 1230, 1235.

mark less credible and therefore more taxing. Essentially, the term dilution refers to an alternative form of “confusion” that is pre-conscious and automatic.⁹⁷

Nevertheless, commentators are critical of the idea that a few extra seconds of consideration would justify enhanced protection.⁹⁸ Consumers might have to think ‘a bit longer’, but ‘it is difficult to see how it impairs a mark’s ability to communicate information when the defendant’s product is compatible with the plaintiff’s and consumers are not confused’.⁹⁹ For example, Ford Motor Company and Ford Modeling Agency are both reputable trademarks but consumers do not seem to have difficulties distinguishing between them.¹⁰⁰ After a while, the existing associations may disappear and consumers learn that the name ‘Ford’ refers to non-related businesses.¹⁰¹ Courts also seem to be reluctant to consider ‘trivial increases’ of mental search costs as sufficient legal grounds for a dilution claim.¹⁰²

Furthermore, it could be questioned whether the cognitive models for assessing increased consumer search costs are accurate.¹⁰³ Moreover, any delay in the assessment of whether the sign refers to the original trademark ‘Ford’ might be compensated for by easier retrieval from memory. Signs that have a variety of associations might be more easily activated and referring to one sign could ‘prime’ people to revoke a similar variant thereof.¹⁰⁴ ‘Thinking hard’ does not have to be a bad thing because it requires more mental processing which results in a better long-term memory for the trademark in question.¹⁰⁵

Even if dilutive use of a trademark causes some harm, an ‘emphasis on fleeting reactions, which tend to reflect short-term interests, fails to reconcile convenience with long-term interests in enhanced competition’.¹⁰⁶ An increase in negative feelings about the leading brand may rather prove welfare and enhance consumer choice.¹⁰⁷ Blurring allows newcomers to enter a dense market more easily.¹⁰⁸ Brands have the advantage that they are automatically preferred above other products because they seem less risky. Consumers are also inclined to interpret information in accordance with initial expectations. Once they have positively evaluated the brand, they will also assess brands positively.¹⁰⁹

⁹⁷ *Ibid.*, pp. 1234, 1273, 1278, 1298.

⁹⁸ Welkowitz (1991), p. 542; Beebe (2006), pp. 1165-1170; Bradford (2008), p. 1232.

⁹⁹ Bone (2006), p. 559. See also: Austin (2004), p. 895: ‘Implicit in Judge Posner’s approach is the idea that consumers care that they must think harder - that they suffer detriment, for instance, when they are forced to hold two or more different meanings of “Tiffany in their heads.” If dilution imposes an imagination “cost,” it follows that the ordinarily prudent consumer is somebody who prefers to have her imagination unburdened by conflicting messages about brands. But this is not necessarily so, or even more likely so. ... [F]or some people, [it might] be more fun than costly.’

¹⁰⁰ Beebe (2006), p. 1150; Bradford (2008), p. 1233. Trademarks could be strong and not unique at the same time. Context might be sufficient. See: Tushnet (2008), p. 531.

¹⁰¹ Bradford (2008), p. 1248.

¹⁰² Beebe (2010), p. 850; Kur and Senftleben (2017), p. 17. Besides, dilution is only a ‘trivial subset’ of other information that may impede the desirable brand image, such as use of the trademark in news reporting, criticism, or for example, use of trademarked products in daily life. Bradford (2008), pp. 1249-1250.

¹⁰³ Tushnet (2008), pp. 527-546.

¹⁰⁴ *Ibid.*, pp. 536-538.

¹⁰⁵ *Ibid.*, p. 539.

¹⁰⁶ Bradford (2008), p. 1240.

¹⁰⁷ *Ibid.*, pp. 1237, 1287.

¹⁰⁸ *Ibid.*, p. 1287.

¹⁰⁹ *Ibid.*, p. 1268.

The same applies to the concept of ‘tarnishment’¹¹⁰ which can be seen as a subset of blurring.¹¹¹ The negative associations evoked in the minds of consumers may only interfere with the search costs rationale if these associations are utterly wrong, confusing or misleading and when they impact subsequent purchase decisions.¹¹² For example, negative associations evoked by the use of the trademark on inferior goods could result in higher search costs because these associations wrongly impact consumers’ attitude towards the quality of the goods of the senior mark. However, these increased search costs are already largely prevented through protection against indirect confusion. Truthful criticism or commentary might also negatively influence the trademark’s reputation, but it also positively impacts search costs since consumers are informed about facts that might be relevant to their next purchasing decision.¹¹³ The concept of free-riding is even more difficult to explain with the search costs rationale because there is no real harm done.¹¹⁴

2.3.2 Utilitarian Incentive Rationale

According to the utilitarian incentive rationale, copyrights and patents are assigned to encourage creative and innovative efforts for the overall welfare of society. In this light, it could be argued that trademarks should also be granted legal protection in order to encourage the creation and maintenance of goodwill through investment in quality and advertising.

¹¹⁰ The CJEU has defined the concept of ‘tarnishment’ in *L’Oréal/Bellure*: ‘...when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.’ (CJEU, judgment of 18 June 2009, case C-487/07, ECLI:EU:C:2009:378 (*L’Oréal/Bellure*), para 40). A definition of blurring can be found in *Intel/CPM*: ‘...such detriment is caused when that mark’s ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark.’ (CJEU, judgment of 27 November 2008, case C-252/07, ECLI:EU:C:2008:655 (*Intel/CPM*), para 29).

¹¹¹ It could also reduce the distinctiveness of the trademark as a source identifier. See: Judge Posner, *Ty Inc. v. Perryman*, 306 F.3d 509, 511-512 (7th Cir. 2002): ‘Now suppose that the “restaurant” that adopts the name “Tiffany” is actually a striptease joint. Again, and indeed even more certainly than in the previous case, consumers will not think the striptease joint under common ownership with the jewelry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word “Tiffany” their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint.’

¹¹² Brand-extension research suggests that dilution by tarnishment is unlikely when there is no source confusion, because consumers have firm mental concepts of strong brands. Tushnet (2008), p. 543.

¹¹³ Sakulin (2011), p. 60.

¹¹⁴ Posner gave the example of a Tiffany’s restaurant in Kuala Lumpur taking a free-ride on the good reputation of the Tiffany’s brand. People in Kuala Lumpur would never buy anything in the jewelry store, such that the efficacy of the trademark as source identifier would not be harmed. If however the trademark owner can prevent third parties to benefit from the investments made in the brand image, economists could claim that the famous name will be “internalised”, i.e. Tiffany will enjoy the full benefits of their investments instead of sharing them with third parties resulting in an increase of investments in creating the prestigious name. Since the number of prestigious names is so vast, trademark owners could not expect to get substantial license fees from licensing trademark use. See: *Ty Inc. v. Perryman*, 306 F.3d 509, 512 (7th Cir. 2002). Landes and Posner (1987), p. 308.

Brand advertising enables enterprises to compete in an additional dimension and thereby encourage competition by improving information quality.¹¹⁵ A woman drinking a Budweiser or smoking a Camel might be happier when using branded products rather than generic alternatives.¹¹⁶ Emotional preferences are not different or less valuable than utilitarian needs, and consumer well-being improves by supplying information that helps satisfy emotional preferences as well.¹¹⁷ Consumers are ‘logically, rationally and *emotionally* [...] interested in more than quality and price’. Brands for instance also give people social status.¹¹⁸

‘A cook using WILLIAMS-SONOMA kitchen equipment to host a dinner will enhance his reputation among guests who value quality housewares. Not only will he garner the functional, use-benefit of the cookware, and enjoy the emotional benefit of cooking well with quality equipment, but he also will express himself subtly as someone who can afford the best and who merits the admiration of his guests for his good taste and a presumed culinary aptitude.’¹¹⁹

Every form of interference with associations or feelings that consumers may have towards the brand ‘would undermine its essence’.¹²⁰ The trademark’s image would become less appealing if traders were allowed to free-ride on the associations of the brand: ‘Confusion of the mark’s meaning, indeed, would be more detrimental than confusion of the mark.’¹²¹ Furthermore, advertising also informs consumers about a certain quality of a product. High investments in advertising suggest a certain level of investment in the brand.¹²²

Nevertheless, it is debatable whether there is any need for brand image creation that is justified under the incentive rationale.¹²³ Some commentators suggest that the process of stimulating new desires, such as associated status, and then satisfying these desires does not necessarily lead to more welfare. Products that offer the owner a particular status could result

¹¹⁵ Economides (1988), pp. 532-533; Nelson (1975), p. 213. See also Scott et al. (2008), p. 296: ‘[Strong brands] help product differentiation, facilitate consumer choice and incentivize purchasing’.

¹¹⁶ Litman (1999), p. 1730; Dilbary (2007), p. 607; Bradford (2008), pp. 1255-1256. If a brand makes consumers feel better, purchasing these brands will improve their welfare.

¹¹⁷ Bradford (2008), p. 1255; Nelson (1975), p. 213; Swann (2002), p. 618; Bone (2006), p. 603; Dilbary (2007), pp. 607-608, 622-628.

¹¹⁸ Swann (2002), p. 594, 618: ‘A brand that today *only* denotes source and quality is thus often lacking in added attributes or content that consumers now want, demand and need.’ See also: Dilbary (2007), pp. 622-628; Griffiths (2008), pp. 252-253; Altman and Pollack (2020), para 17:5, p. 35.

¹¹⁹ Swann (2002), p. 615.

¹²⁰ *Ibid.*, p. 615.

¹²¹ *Ibid.*, p. 615.

¹²² Nelson (1975), p. 214; Bradford (2008), p. 1256; Montgomery and Wernerfelt (1992), p. 31: ‘This lower average is counterbalanced by lower variance in product quality, giving branding a risk-reducing rather than a quality-guaranteeing function.’

¹²³ Burrell & Gangjee (2010), pp. 547-548; Senftleben (2009), p. 59; Bone (2006), pp. 618-621; Dogan and Lemley (2004), p. 801; Lemley (1999), p. 1695; Litman (1999), pp. 1730, 1735; Lunney (1999), p. 465; Dreyfuss (1990), pp. 408-409; Denicola (1982), pp. 178-179; Scott et al. (2008), p. 297: ‘It is impossible to assert with any confidence – and without detailed, ongoing examination of the evidence – whether or not such expansion is justified on utilitarian grounds’.

in negative effects on others. Status is relative, such that others who do not have the same status symbols may feel at a disadvantage.¹²⁴

Research on happiness also shows that most television advertising makes people unhappy about their material situation, so creating new desires does not necessarily lead to more welfare.¹²⁵ Consumers may also fail to opt for that which maximises their welfare because they are easily led and lack self-control; features that the standard rational choice theory assumes the sovereign consumer has.¹²⁶ This theory also no longer embraces mainstream economic thinking.¹²⁷ Consumers act like ‘cognitive misers’, deploying minimum effort in making an acceptable, and not an optimal, decision.¹²⁸

Furthermore, it is doubtful whether broad brand protection leads to more incentive to invest optimally in producing quality and goodwill. For instance, it is unlikely that Tiffany & Company would invest substantially more than it would otherwise in the jewellery market if it could capture the goodwill value of its Tiffany mark in the automobile market.¹²⁹ The social interest in encouraging the creation of emotionally loaded products is not sufficient to justify the costs of exclusion.¹³⁰

Besides, if a consumer is interested in the utilitarian as well as the emotional features of a given product, the goodwill that might be harmed by a competitor’s use of the trademark is already protected by the essential origin function of the trademark.¹³¹ Trademark owners could further easily add emotional messages to their advertisements when informing consumers about desirable objective product characteristics.¹³²

Moreover, patents and copyrights have a different rationale that is directly related to the subject matter of protection. More works of art and technology would enrich society, but this does not hold for trademarks.¹³³ Trademarks are aimed to enable consumers to quickly identify a particular product from a particular source. There is no need for more trademarks as

¹²⁴ Aldred (2008), p. 274.

¹²⁵ *Ibid.*, p. 274. Brown argued that consumers are manipulated into choosing merely between ‘one illusion and another’. Consumers pay more for goods that are in fact not substantially distinct from generic substitutes, which decreases market efficiency. Brown (1948), pp. 1182-83; Griffiths (2011), pp. 36, 150, 162.

¹²⁶ Aldred (2008), pp. 275-277.

¹²⁷ Aldred (2008), p. 281.

¹²⁸ Bradford (2008), p. 1260.

¹²⁹ Bone (2006), p. 619.

¹³⁰ *Ibid.*, p. 620; Litman (1999), p. 1735; Brown (1948), p. 1995; Lemley (1999), p. 1696. These potential social costs include the suppression of political and social commentary and works of arts, higher prices because of restricted competition, impoverishment of language and culture, and costs of trademark licensing. See also: Lunney (1999), p. 439: ‘protecting marks based on their value independent of their informational role risks creating monopolies, not merely in the neutral, descriptive sense, but in the ordinary and pejorative sense of unjustified and inappropriate market power.’

¹³¹ Brown (1948), pp. 1195, 1205; Litman (1999), p. 1735.

¹³² Bone (2006), p. 620. An exception might be the production of perfumes which are highly emotionally laden products.

¹³³ Although it does not seem to be fair to consider creative and innovative efforts as valuable per se and investments in brand images as useless from a societal perspective. Inventions or literary and artistic works are also not by definition important contributions to the public domain. See: Kur and Senftleben (2017), p. 19; Opinion of AG Jacobs, 13 March 1990, case C-10/89, ECLI:EU:C:1990:112 (*HAG II*), paras 16-20.

an end in itself.¹³⁴ In addition, ‘much of this expansion has nothing at all to do with deception-based concerns, but represents an attempt to protect the investment in creating a desirable product for its own sake.’¹³⁵ Furthermore, the fact that many consumers attach value to the emotional aspects of a branded product does not justify these aspects being granted further legal protection; we should be careful with granting broad trademark protection.¹³⁶

2.3.3 Sumptuary Code

From a societal perspective, it is doubtful whether social distinction and consumerism through brand protection should be encouraged. As Barton Beebe pointed out, intellectual property law is increasingly applied as a modern form of sumptuary law.¹³⁷ Brand protection against dilution serves as an apt example of endeavours to preserve our conventional system of consumption-based social distinction, i.e. our sumptuary code, against the threat of powerful copying technologies decreasing the distinctiveness of material goods and their capacity to provide consumption-based social distinction.¹³⁸ Beebe argues that any efforts to preserve the sumptuary code by means of intellectual property law are however destined to fail:¹³⁹

‘Controls on the consumption of distinctive goods may maintain the distinctiveness of those particular goods, but the controls will do little to stabilize the sumptuary order if consumers can simply move on to other distinctive goods in an effort to distinguish themselves over, with, or against others. The fundamental failing of intellectual property law in this regard is that it does not seek to prevent the innovation of new forms of distinction, nor does it have any means of doing so. On the contrary, in its progressive incarnation, it deliberately encourages such innovation by offering its protection to all qualifying goods.’¹⁴⁰

Status items could become so commonplace that their social meaning might get lost.¹⁴¹ Brand protection used to preserve the sumptuary code leads to costs that would better be allocated elsewhere than ‘in the pursuit of intangible and otherwise typically quite meaningless and useless forms of relative utility’.¹⁴² Therefore, Beebe argues for developing an alternative system of social distinction, a common-based system, where the individual acquires distinction not through consumption of commodities but through the production of gifts, such

¹³⁴ Lemley (1999), pp. 1694-1695. See also: Dreyfuss (1990), p. 399: ‘[T]here is little need to create economic incentives to encourage businesses to develop a vocabulary with which to conduct commerce.’ Contrary: Landes and Posner (1988), p. 271, who argue that trademarks enrich the language, although the benefits are small.

¹³⁵ Lunney (1999), p. 438.

¹³⁶ Litman (1999), p. 1728: ‘Many things have value. As Ralph Brown reminded us often, the essence of any intellectual property regime is to divide the valuable stuff subject to private appropriation from the valuable stuff that, precisely because of its importance, is reserved for public use.’

¹³⁷ Beebe (2010), pp. 845-868.

¹³⁸ *Ibid.*, pp. 848-859.

¹³⁹ *Ibid.*, pp. 878-881.

¹⁴⁰ *Ibid.*, p. 880.

¹⁴¹ *Ibid.*, pp. 881-882.

¹⁴² *Ibid.*, p. 882.

as open source or creative commons.¹⁴³ Instead of expanding brand protection, intellectual property law, being ‘not just technologically but social – and politically – progressive’, should promote ‘the growth and extension of the social movements that both rely on and help to propagate this system of social distinction’.¹⁴⁴

2.3.4 Expressive Autonomy

The ‘expressive autonomy’ theory, developed by Michael Spence, also fails to provide a sufficient basis for enhanced trademark protection. According to the expressive autonomy theory, brand owners should be free from compulsion to express a message that they have not chosen themselves. They should also have the freedom to not subsidise a message with which they do not wish to be affiliated.¹⁴⁵ In line with this theory, brand owners should thus have the possibility to choose in which messages they wish to participate, in the sense that they facilitate their communication in association with the trademark.¹⁴⁶ Third parties might affect this freedom of speech when their sign ‘alludes’ to the trademark, resulting in undesirable associations.¹⁴⁷

Nevertheless, this theory does not account for the necessity of extended brand protection; rather, it presupposes its legitimacy: ‘In Spence’s theory, brands are regarded as individual personalities that entitle the brand owner to expressive autonomy. However, the mere postulation of expressive autonomy does not make it plausible that brands ought to have the underlying personality status in the first place. The theory is a description rather than a justification of protection needs.’¹⁴⁸

2.3.5 Natural Law Reward

Difficulties have also arisen with regard to the justification of enhanced protection based on the natural law reward argument. One might argue that a trademark owner creates goodwill in the same way that an author creates a work, and that a trademark needs to be created to grant protection in the same way that a patent needs to be invented.¹⁴⁹ The trademark owner has made efforts to create a particular brand image, such that it feels right to give the results of these attempts to them.¹⁵⁰

¹⁴³ *Ibid.*, pp. 884-885.

¹⁴⁴ *Ibid.*, pp. 885-886.

¹⁴⁵ Spence (2008), p. 308.

¹⁴⁶ *Ibid.*, p. 308.

¹⁴⁷ Michael Spence gave the example of a poster with a picture of a pregnant Girl Scout dressed in the uniform of the organisation and labelled with its trademark. Her hands were situated above her belly and attached was the Girl Scouts’ motto ‘Be Prepared’. The use of the trademark in this case might be considered compelled speech. Spence (2008), p. 311.

¹⁴⁸ Kur and Senftleben (2017), p. 18. See also Spence (2008), pp. 312-313, where he formulates objections to the expressive autonomy theory. See further: Bently and Sherman (2014), p. 819: ‘it is hard to imagine either judges or traders supporting such radical rethinking of trade mark principles’.

¹⁴⁹ Bently and Sherman (2014), p. 815.

¹⁵⁰ Strasser (2000), p. 422: ‘as a matter of fairness, those who create something that benefits society should receive a reward for their efforts.’

Nonetheless, the trademark owner's attempts to create a brand image must be distinguished from artificial or innovative efforts to create art or develop technological solutions. Copyrights and patent rights expire after a limited period of time, such that works and innovations become freely accessible to the general public. Conversely, a trademark including the brand image could be monopolised by the trademark owner forever. As long as trademark owners renew their trademark registration and keep investing in brand images, proprietors can keep the benefits resulting from these endeavours for themselves. In this light, it is not clear why brand owners should be rewarded for their contributions to society.¹⁵¹ Brand owners are also already remunerated with market benefits.¹⁵²

Within the framework of John Locke's so-called 'labour theory', from which this rationale is originally derived, granting broad trademark protection based on efforts to develop and maintain a certain brand image is also questionable. According to Locke's theory, 'a person who labours upon resources that are either unowned or "held in common" has a natural property right to the fruits of his or her efforts', and the state must respect and enforce this person's natural right.¹⁵³ With regard to intellectual property, the raw materials (facts and concepts) might in a way be 'held in common' and labours could be seen as enriching the value of finished products.¹⁵⁴

However, a brand image is not created *ex nihilo* and the creation of its commercial magnetism also relies on the efforts of others. Furthermore, 'while the associations between the mark and a source or goodwill may be instigated and nurtured by the trader, they are as much created by the customers and the public'.¹⁵⁵ The creation of associations within the public mind is a 'two-sided affair'.¹⁵⁶ Not only do trademark owners need to invest in the development of a brand image, creative work also needs to be done by each member of the public.¹⁵⁷ Furthermore, trademark owners make a substantial contribution in terms of time and effort in developing dispositions in brand recognition and brand recall in consumers' mind. The trademark is used to achieve this objective. However, Locke's labour theory cannot explain why trademark owners should own the brand image in people's minds just because of their investment in a sign associated with that image.¹⁵⁸

Moreover, even if we accept the natural law reward argumentation, the property rights resulted from the labour of developing a brand image need not give trademark owners broad

¹⁵¹ Senftleben (2009), p. 60.

¹⁵² Van der Laan (2020), p. 27.

¹⁵³ Locke (1689). See also: Fisher (2001), p. 170.

¹⁵⁴ Fisher (2001), p. 170.

¹⁵⁵ Bently and Sherman (2004), p. 699.

¹⁵⁶ Scott et al. (2008), p. 299.

¹⁵⁷ Gerhardt (2010), p. 427; Heymann (2009), p. 651, Litman (1999), p. 1733; Wilf (1999), p. 1; Konzinski (1993), p. 975; Dreyfuss (1990), pp. 413-14; Altman and Pollack (2020), paras 17:1, 17:6, pp. 18, 36-37; Bently and Sherman (2014), p. 815.

¹⁵⁸ Scott (et al.), p. 304: 'In fact, the problem for the labour theory is much worse, for a reason we have so far glossed over. We have been trying to locate the magnetism of a trade mark in its tokens, by granting them a dispositional property based on an analogy with a colour property. They are both dispositions to evoke responses in spectators. But the value of a trade mark's magnetism goes beyond this kind of disposition. To take another simple example, brand recall is as significant for consumer choice as brand recognition. His ability to retrieve the brand, to think of the trade mark, is evidently crucial to its selling power. But this ability is a disposition *in him* to recall.' See also Kur and Senftleben (2017), pp. 20-21.

and absolute trademark rights.¹⁵⁹ Rather, McKenna points out that courts traditionally only offered trademark owners exclusive rights regarding a certain field of trade and against direct traders, such that these rights were quite limited. Trademark owners were protected against dishonest acts in the markets where they had actually laboured to attract customers. Infringement therefore only occurred when third parties tried ‘to steal a competitor’s *existing* customers.’¹⁶⁰ Courts allocated an infringement claim only when consumers were likely to be confused about the actual source of the third parties’ product.¹⁶¹

In the 20th century, however, courts and commentators started ‘to believe not only that trademark protection ultimately benefited consumers, but that consumers were the *intended* beneficiaries all along.’¹⁶² This shift in modern trademark law towards protecting consumers has however dismantled the scope of trademark rights to enforce any real limitations and paved the way for accepting broader trademark protection. Overbroad protection can therefore not be based on the natural rights arguments developed in the 19th century.¹⁶³

2.4 Conclusion

In sum, the consumer search costs rationale provides a plausible justification for the protection of the origin function of a trademark. Trademark protection safeguards consumers against confusion, and leads to a transparent market, a proper functioning of markets, and increasing consumer welfare. Nevertheless, the exclusive rights necessary to protect the origin function of a trademark can be used strategically to achieve additional profits. The exclusive rights necessary to guarantee the essential origin function of the trademark automatically also protect and stimulate proprietors to invest in the creation of their desired brand image. Consequently, not only are more signs currently registered, but the scope of protection has also been broadened.

Previously, trademark law protected only a trademark proprietor’s business in their own market: not in markets in which traders were not involved, where they could not show that they had made investments or that diversion existed of hypothetical future consumers. Courts allocated an infringement claim only when consumers were likely to be confused about the actual source of the third parties’ product.¹⁶⁴ Under modern trademark law, however, trademark owners can protect hypothetical future business in their own market and in other potential markets. McKenna points out that

‘Since courts have unplugged trademark and unfair competition law from the requirement of competition, they have no normative framework within which to judge if a particular practice is “unfair” and no obvious method to determine infringement. Indeed, it is no coincidence that courts only developed the unpredictable likelihood of confusion factors after jettisoning the requirement of competition. Nor is it surprising

¹⁵⁹ Kur and Senfileben (2017), p. 21.

¹⁶⁰ McKenna (2007), p. 1889.

¹⁶¹ *Ibid.*, p. 1897.

¹⁶² McKenna (2007), p. 1898.

¹⁶³ *Ibid.*, p. 1904.

¹⁶⁴ *Ibid.*, p. 1897.

that the unpredictability of these factors generally has worked in mark owners' favor.¹⁶⁵

In *Puma/Sabel*, the CJEU indeed explained that a likelihood of confusion exists when the consumer confuses the sign and the trademark in question (likelihood of direct confusion) but also when the consumer connects the proprietors of the sign and those of the trademark and confuses them (likelihood of indirect confusion)¹⁶⁶ In *Lloyd Schuhfabrik Meyer*, the CJEU further defined this requirement as 'the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings.'¹⁶⁷

Furthermore, post-sale confusion also falls under the concept of likelihood of confusion, even though there is no reliable information on whether a casual observer of a product would purchase this product in future. In *Arsenal/Reed*, the CJEU argued that the notice in Mr Reed's stall stating that the fan articles were not official Arsenal FC products, did not alter the finding that a likelihood of confusion existed. 'Some consumers, in particular if they come across the goods after they have been sold by Mr Reed and taken away from the stall where the notice appears, may interpret the sign as designating Arsenal FC as the undertaking of origin of the goods.' As there is no real harm done since consumers are not confused during the concrete buying process, the CJEU in fact protects consumers against tarnishment because there is a risk that the fan articles might reduce the trademark's power of attraction.¹⁶⁸

The dilution doctrine even prohibits a third party from using similar signs when there is no likelihood of confusion of any kind and no risk that the third party will divert customers from the products of the trademark owner.¹⁶⁹ In *L'Oréal/Bellure*, the CJEU confirmed that the brand image does not need to be harmed; the mere advantage taken by the defendant of the brand image and reputation could already be considered unfair.¹⁷⁰

From a competitive perspective, broadening the scope of protection to additional functions related to the creation of a brand image can be risky. Because of their capacity to symbolise and communicate extra features such as status or lifestyle attitudes, the psychological effect of brands and their market power can be tremendous. This could lead to high entry barriers, low market transparency, and big leveraging strength.¹⁷¹ Especially powerful players might see enforcing their presumed trademark rights as a 'sort of self-fulfilling

¹⁶⁵ *Ibid.*, p. 1904.

¹⁶⁶ CJEU, judgment of 11 November 1997, case C-251/95, ECLI:EU:C:1997:528 (*Puma/Sabel*), para 16.

¹⁶⁷ CJEU, judgment of 22 June 1999, case C-342/97, ECLI:EU:C:1999:323 (*Lloyd Schuhfabrik Meyer*), para 17. See also: Beebe (2010), p. 853.

¹⁶⁸ CJEU, judgment of 12 November 2002, case C-206/01, ECLI:EU:C:2002:651 (*Arsenal/Reed*), para 57. See also: Kur and Senftleben (2017), p. 322; McKenna (2007), p. 1908; Austin (2008), pp. 174-175; Beebe (2010), p. 851.

¹⁶⁹ When a trademark has a reputation, the trademark owner can prohibit similar use against dissimilar goods and services where use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark (Art. 10(2)(c) TMD 2015 and Art. 9(2)(c) EUTMR).

¹⁷⁰ CJEU, judgment of 18 June 2009, case C-487/07, ECLI:EU:C:2009:378 (*L'Oréal/Bellure*), para 49. See also: Bently and Sherman (2014), pp 812-813.

¹⁷¹ Kur (2008), p. 193; Litman (1999), p. 1730, fn. 77.

prophecy'.¹⁷² This is even more so in a case involving a trademark consisting of descriptive terms or words that other traders may reasonably want to use.¹⁷³ These marks contain additional information that is useful to consumers, such as information about the features or the source of the product, and they are therefore a partial substitute for advertising.

Furthermore, justifications based on incentives and rewards also fail to provide a convincing basis for extended trademark protection. None of the rationales justify why a trademark deserves more protection than its essential origin function since the brand image cannot be seen as independent from the trademark. The brand image is a by-product, which is automatically protected when the trademark is protected in its function as source identifier. If the origin function of a trademark is not impaired, protection of additional functions does not seem to be necessary.¹⁷⁴

But as long as consumers are indicated as the intended beneficiaries that need to be protected, and consumer perceptions and expectations serve as the basis for granting trademark rights, it can be expected that the trademark law system will recognise trademark owner's investments in consumer education and accept their requests for further protection whenever consumer perception has been shaped through marketing campaigns, potentially even at all levels. Trademark owners often have sufficient financial resources to invest in expensive marketing campaigns that teach consumers to perceive almost any sign as a source identifier. The more a trademark owner invests in advertising presenting a sign as an identifier of commercial source, the broader the scope of protection. The more the trademark is seen as a symbol of a desirable lifestyle, the more willing consumers will be to pay more for the brand image that the trademarked product evokes. In fact, 'familiarity with a brand can lead to an endlessly reinforcing positive feedback loop with advertising increasing familiarity and positive associations, and familiarity and positive associations increasing receptiveness to advertising claims.'¹⁷⁵

Since enhanced protection is firmly anchored in the EU trademark system and in international law, albeit in limited form,¹⁷⁶ it is unrealistic to ignore the economic value of the additional functions of a trademark. However this does not mean that we should always help trademark owners gain more protection.¹⁷⁷ If a trademark is used in a way that may harm the accessory functions of a trademark, this does not necessarily have to lead to an allocation of the trademark claim. For example, the CJEU argued that the advertising function does not protect trademark owners 'against practices inherent in competition.'¹⁷⁸

Trademark rights must be weighed against third parties' need to compete in a proper functioning market, and the ability to offer their own products as alternatives and supplements to the trademark owner's products. Furthermore, it is important to accept the necessity of

¹⁷² Kur (2008), p. 203.

¹⁷³ Griffiths (2008), p. 259.

¹⁷⁴ See also: Kur and Senftleben (2017), p. 21; Griffiths (2011), p. 275.

¹⁷⁵ Bradford (2008), p. 1268.

¹⁷⁶ Art. 16(3) TRIPs Agreement. See also Art. 4(b)(ii) and (iii) of World Intellectual Property Organization, *WIPO Joint Recommendation Concerning the Protection of Well-Known Marks*, WIPO publication No. 833, Geneva: WIPO, 2000.

¹⁷⁷ Litman (1999), p. 1729.

¹⁷⁸ CJEU, judgment of 22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (*Interflora/Marks & Spencer*), para 57.

ensuring freedom of expression and retaining the expressive use of associations and meanings conveyed by the trademark freely available.¹⁷⁹ Trademark owners are not the only ones who have invested in trademark symbols, so did the public.¹⁸⁰

Therefore, trademark protection as a core instrument for regulating market transparency must be balanced against other important needs, such as free expression facilitating consumer information and consumers' choice, and free competition preventing unneeded market entry thresholds. In this balancing of interests, trademark protection as a fundamental right to property¹⁸¹ must be valued in light of other traders' freedom of commercial expression and freedom to conduct a business.¹⁸²

As Advocate General Maduro explains: 'whatever the protection afforded to innovation and investment, it is never absolute. It must always be balanced against other interests, in the same way as trade mark protection itself is balanced against them. I believe that the present cases call for such a balance as regards freedom of expression and freedom of commerce.'¹⁸³ A trademark system that merely follows the factual perception of consumers and subsequently forbids trademark use accordingly would give trademark owners a free hand in acquiring more protection than is desirable in light of the principle of undistorted competition.

¹⁷⁹ Trademarks 'have become products in their own right, valued as indicators of the status, preferences, and aspirations of those who use them. Some trademarks have worked their way into the English language; others provide basis for vibrant, evocative metaphors. In a sense, trademarks are the emerging *lingua franca*: with a sufficient command of these terms, one can make oneself understood the world over, and in the process, enjoy the comforts of home.' Dreyfuss (1990), pp. 397-398.

¹⁸⁰ Kur and Senftleben (2017), p. 23.

¹⁸¹ Art. 17(2) of the EU Charter of Fundamental Rights.

¹⁸² Arts. 11 and 16 of the EU Charter of Fundamental Rights. See also Recital 27 TMD 2015: 'Furthermore, this Directive should be applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expressions.'

¹⁸³ Opinion of AG Poiares Maduro, 22 September 2009, joined cases C-236/08, C-237/08 and C-238/08, ECLI:EU:C:2009:569 (*Google/Louis Vuitton*), para 102.

3 The Public Domain Is Under Pressure: Why We Should Not Rely On Empirical Data When Assessing Trademark Distinctiveness

This chapter argues that the existing balancing tools in EU trademark law are not sufficient to prevent the misappropriation of signs. The present chapter considers whether the threshold for assuming acquired distinctiveness in EU trademark law is too low. In this context, the threshold for assuming acquired distinctiveness is viewed from a legal, economic and psychological perspective. It is argued that the threshold for assuming acquired distinctiveness is not efficient enough and should therefore be applied more restrictively. The study also reveals that this instrument may create dysfunctional incentives and may in fact make it attractive for traders to invest in descriptive, cultural and non-traditional signs, because trademark owners can impact these signs acquiring distinctiveness and invest as needed until they acquire control of their preferred sign. In order to guarantee that these signs remain in the public domain, adopting an outright exclusion is necessary for descriptive, cultural and non-traditional signs that cannot be overcome through acquiring distinctiveness in consequence of use in trade.

Keywords Acquisition of trademark rights · Consumer perception · Court of Justice of the European Union · Distinctiveness · Public domain

3.1 Introduction

Trademark law seeks to ensure market transparency. This is supposed to lead to fair competition, protect consumers against confusion, and ultimately guarantee the proper functioning of markets.¹⁸⁴ However, current EU trademark law runs the risk of allowing trademark owners to dictate the meaning of signs that belong to the public domain.¹⁸⁵ This problem is further exacerbated by the possibility of acquiring distinctiveness through use in trade.¹⁸⁶ The interests of protecting intellectual property must be balanced with the need to protect the public domain. After all, the public domain is essential to ensure free and fair competition, freedom of speech and political and artistic freedom of expression. The debate about the gradual expansion of trademark rights¹⁸⁷ raises the question of whether the threshold

* This chapter is based on: Anemaet L (2016) The Public Domain Is Under Pressure – Why We Should Not Rely on Empirical Data When Assessing Trademark Distinctiveness. IIC 47(3):303-335. doi: 10.1007/s40319-016-0459-8. See also: Senftleben MRF, Anemaet L (2013) Windsurfing Chiemsee revisited – Op weg naar een normatieve toets bij inburgering? Berichten Industriële Eigendom 7/8: 245-253.

¹⁸⁴ Senftleben (2012), pp. 8-9; Court of Justice of the European Union, judgment of October 17, 1990, Case C-10/89 (*HAG II*), para. 13; CJEU, judgment of June 18, 2002, Case C-299/99 (*Philips/Remington*), para. 30.

¹⁸⁵ The public domain can be understood to consist of all signs that are ineligible for, or excluded from, trademark protection. The public domain can also be understood to comprise forms or using trademarked signs that remain unaffected by the exclusive rights of the trademark owner. See: Senftleben (2012), p. 3. For more information about the concept of the public domain: Guibault and Hugenholtz (2006); Samuelson (2006); and the various contributions to Boyle (2003).

¹⁸⁶ Senftleben (2012), pp. 7-8.

¹⁸⁷ See for example: Gangjee (2013); Senftleben (2013a); Ramsey (2003), p. 1096; Wilf (1999), p. 17; McKenna (2007), pp. 1841, 1899.

of distinctiveness functions properly. Is the threshold for acquiring distinctiveness through use in trade high enough to prevent traders from investing in signs that belong to the public domain? Or does EU trademark law create dysfunctional incentives and make it attractive for traders to invest in descriptive, cultural and non-traditional signs? And is the current threshold still the right instrument to safeguard the public domain?

This chapter shows that the public domain is under pressure. It argues that the threshold for assuming acquired distinctiveness is unpredictable and risky. Trademark owners are possibly encouraged to invest in descriptive, cultural and non-traditional signs in order to have these signs registered. Remarkably, the assumptions of the Court of Justice of the European Union (hereafter: CJEU) regarding trademark perception do not reflect the way consumer perception works. Consumers are able to recognise without difficulty a descriptive sign, an abstract colour or a shape as an identifier of commercial source. The consequence is that the marketing efforts of trademark owners are rewarded: since traders can prove that consumers recognise these particular signs as an identifier of commercial source, they achieve exclusive rights on a sign that describes a positive attribute of a good and thereby obtain an unfair economic advantage because consumers easily understand what the trademark stands for. This chapter argues that if we believe that descriptive, cultural and non-traditional signs should remain in the public domain for reasons of public interest in not unduly restricting the availability of these signs for other traders and the general public, we need to create a far more normative test that will exclude these signs from trademark protection even if they have acquired distinctiveness through use in trade. If we want to guarantee the preservation of these signs, we need to implement an outright exclusion of descriptive, cultural and non-traditional signs that cannot be overcome through acquiring distinctiveness.

3.2 Balancing Between Protecting the Public Domain and Protecting Consumers Against Confusion

Exclusive trademark rights are in principle granted to a single trademark owner. These rights can be endlessly renewed¹⁸⁸ on the grounds that market transparency would no longer be guaranteed if trademark protection was limited in the same way as copyright and patent protection.¹⁸⁹ However, this does not mean that every sign can be removed from the public domain. EU trademark law offers a number of safeguards to keep signs free from trademark protection. In the *Windsurfing Chiemsee* Case, the CJEU has explicitly recognised that descriptive signs or indications relating to categories of goods or services need to remain freely available because

it is in the public interest that they remain available, not least because they may be an indication of the quality and other characteristics of the categories of goods concerned, and may also, in various ways, influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response.¹⁹⁰

¹⁸⁸ Article 18 TRIPS Agreement.

¹⁸⁹ Article 7 Berne Convention and Art. 33 TRIPS Agreement.

¹⁹⁰ CJEU, judgment of May 4, 1999, Case C-108/97, C-109/97 (*Windsurfing Chiemsee*), para. 26.

In this way the distinctiveness requirement ensures that every trader has equal access to communication tools that can be used to inform consumers about product characteristics and compete for market shares. It therefore protects the interests of commercial freedom of expression and fair competition.¹⁹¹ However, according to current EU trademark law non-distinctive signs can acquire distinctiveness through use in trade: Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use.¹⁹²

In opposition to absolute grounds for refusal based on public policy or principles of morality and signs of high symbolic value¹⁹³ which cannot be overcome by demonstrating acquired distinctiveness through use in trade, non-distinctive, descriptive and generic signs can be registered if consumers perceive these signs as a badge of origin.¹⁹⁴ Of course, this greatly reduces the strength of the distinctiveness requirement. The reasoning is that trademark protection is granted to non-distinctive signs that have become distinctive through use in trade because otherwise consumers will be confused by the new meaning of a descriptive sign they already know. For example, consumers will think of the trademark “Milka” when they see a lilac-coloured chocolate bar, because the colour “lilac” has acquired a new meaning through its use in trade. If another enterprise was allowed to use the colour lilac for their chocolate bars, consumers might be confused. In this way, trademark law can ensure market transparency and fair competition.¹⁹⁵ Therefore, the interests of the trademark owner may outweigh the interests of the public domain and granting exclusive rights to the trademark owner may be justified:

It follows that a geographical name may be registered as a trade mark if, following the use which has been made of it, it has come to identify the product in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product from goods of other undertakings. Where that is the case, the

¹⁹¹ Senftleben (2015).

¹⁹² Articles 3(3) Trademark Directive [Art. 4(4) and (5) TMD 2015], 6quinquies(C)(1) Paris Convention and 15(1) TRIPS Agreement. *See also* CJEU, judgment of May 4, 1999, Case C-108/97, C-109/97 (*Windsurfing Chiemsee*), paras. 44-45. In the *Windsurfing Chiemsee* Case, the CJEU considers that in determining whether a mark has acquired distinctive character following its use, the competent authority must make an overall assessment of the evidence that the mark has come to identify the product concerned as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (para. 49). The CJEU mentions especially the market share held by the mark; how intensive, geographically widespread and long-standing the use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from this particular undertaking; and statements by chambers of commerce and industry or other trade and professional associations (para. 51). The CJEU also points out that the competent authority is not precluded from using an opinion poll to guide its judgment (para. 53).

¹⁹³ According to Art. 3(2)(b) TMD [Art. 4(3)(b) TMD 2015] EU Member States can adopt an optional refusal ground concerning trademarks that cover a sign of high symbolic value, in particular a religious symbol. A few EU Member States have adopted this refusal ground.

¹⁹⁴ Article 3(3) TMD [Art. 4(4) and (5) TMD 2015] and Art. 7(3) CTMR [Art. 7(3) EUTMR]. For a comprehensive list of absolute grounds for refusal *see* Art. 3 TMD [Art. 4 TMD 2015] and Art. 7 CTMR [Art. 7 EUTMR]. The registration of a sign is also refused if the sign conflicts with the prior rights of third parties (Art. 4 TMD [Art. 5 TMD 2015] and Art. 8 CTMR [Art. 8 EUTMR]).

¹⁹⁵ Senftleben (2013), p. 13.

geographical designation has gained a new significance and its connotation, no longer purely descriptive, justifies its registration as a trade mark. Windsurfing Chiemsee and the Commission are therefore right to assert that Article 3(3) does not permit any differentiation as regards distinctiveness by reference to the perceived importance of keeping the geographical name available for use by other undertakings.¹⁹⁶

In addition, the EU trademark law system includes other safeguards to protect the interests of commercial freedom of expression and fair competition. For example, a trademark owner is not allowed to prohibit a third party from using descriptive indications in trade provided that the use of the sign is in accordance with honest commercial practices.¹⁹⁷ Furthermore, the general public and other competitors cannot be forbidden to use their own name or address in trade,¹⁹⁸ or where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.¹⁹⁹ A further refusal ground – in addition to the refusal grounds related to public policy or principles of morality and signs of high symbolic value – concerns functional shapes. Signs consisting exclusively of a shape that results from the nature of the goods themselves and shapes necessary to obtain a technical result cannot be registered if they have acquired distinctiveness through use in trade. The claim that competitors can use alternative shapes to achieve the same technical result does not change this outcome.²⁰⁰ With regard to shapes that give substantial value to the goods,²⁰¹ esthetical elements are excluded if they give a substantial value to the goods.²⁰²

This chapter does not argue that the EU trademark law system has no mechanisms for protecting the public domain. Instead the sections below show that the present protection mechanisms are not strong enough. The possibility of acquiring distinctiveness might endanger the public domain, i.e. our common language and culture. A rich reservoir of freely available signs is needed to guarantee artistic and commercial freedom of expression. Even if it is true that trademark owners enrich the public domain by adding new connotations to particular signs,²⁰³ these commercial connotations cannot possibly outweigh the loss of a cultural sign's value,²⁰⁴ as in the example of “Nike”,²⁰⁵ the Greek Goddess of Victory. Therefore, even though reforms are needed²⁰⁶ that broaden the exclusion provision for shape marks so that signs that consist exclusively of (i) a shape or another characteristic that results

¹⁹⁶ CJEU, judgment of May 4, 1999, Case C-108/97, C-109/97 (*Windsurfing Chiemsee*), paras. 47-48.

¹⁹⁷ Article 6(1)(b) TMD [Art. 14(1)(b) and (2) TMD 2015] and Art. 12(b) CTMR [Art. 14(b) EUTMR].

¹⁹⁸ Article 6(1)(a) TMD [Art. 14(1)(a) and (2) TMD 2015] and Art. 12(a) CTMR [Art. 14(a) EUTMR].

¹⁹⁹ Article 6(1)(c) TMD [Art. 14(1)(c) and (2) TMD 2015] and Art. 12(c) CTMR [Art. 14(c) EUTMR].

²⁰⁰ CJEU, judgment of June 18, 2002, Case C-299/99 (*Philips/Remington*), paras. 81-83; CJEU, judgment of September 14, 2010, Case C-48/09 P (*Lego/Mega Brands*), paras. 53-58.

²⁰¹ Article 3(1)(e)(iii) TMD [Art. 4(1)(e)(iii) TMD 2015] and Art. 7(1)(e)(iii) CTMR [Art. 7(1)(e)(iii) EUTMR].

²⁰² Judgment of the General Court of the European Union, 6 October 2011, case T-508/08 (*Bang & Olufsen/OHIM*), paras. 74-79.

²⁰³ Salzberger (2006), p. 55; Richardson (2004), pp. 213-215.

²⁰⁴ Senftleben (2015).

²⁰⁵ CTM registration 000277889 of November 13, 2004 (Nike International Ltd.).

²⁰⁶ Council of the European Union, 8 June 2015, 2013/0088 (COD), Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community Trade Mark; Council of the European Union, 8 June 2015, 2013/0089 (COD), Proposal for a Directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks (Recast).

from the nature of the goods themselves; (ii) a shape or another characteristic of goods that is necessary to obtain a technical result; or, (iii) a shape or another characteristic that gives substantial value to the goods are excluded from trademark protection, it is not clear whether such reforms are far-reaching enough to prevent the misappropriation of signs. For example, we might need an outright exclusion of descriptive, cultural and non-traditional signs that cannot be overcome through acquiring distinctiveness in consequence of use in trade to really guarantee the preservation of cultural signs.

However, before elaborating on the functionality doctrine and its limits, I first explain my concerns regarding the threshold for acquiring distinctiveness. In what follows, the possibility of acquiring distinctiveness through use in trade is considered from a legal, economic and psychological perspective (Section 3). Section 4 discusses other balancing tools within the EU trademark law system and makes suggestions for a far more normative test. The functionality doctrine is also revisited in this context. Section 5 concludes.

3.3 Analysis

3.3.1 Doubtful Foundation for the Possibility of Acquiring Distinctiveness Through Use in Trade

Non-distinctive signs can acquire distinctiveness through use in trade because once a non-distinctive sign has acquired distinctiveness through use in trade, this sign is considered to have acquired a new meaning and therefore make it possible to distinguish the goods or services of one undertaking from other undertakings. Furthermore, consumers might be confused by the new meaning of a descriptive sign they already know. This looks like a convincing argument,²⁰⁷ in particular with a view to Art. 6quinquiesC(1) of the Paris Convention and Art. 3(3) of the Trademark Directive [Art. 4(4) and (5) TMD 2015]. However, some scholars have pointed out that the possibility of acquiring distinctiveness might create dysfunctional incentives. According to Ramsey, the legal foundation of the possibility of acquiring distinctiveness through use in trade is invalid:

Circular reasoning underlies the argument that confusing use of a descriptive term as a mark is misleading and can therefore be restricted to protect consumers. By granting and enforcing exclusive rights in descriptive marks, the government helps to make

²⁰⁷ For example, in the Benelux the possibility of acquiring distinctiveness through use in trade is often applied: Benelux Court of Justice, judgment of February 9, 1977, *NJ* 1978, 415, *BIE* 1977, 195 (*Rood-zwarte capsules*); BCJ, March 9, 1977, *NJ* 1987, 416, *BIE* 1977, 203 (*Blauwe gastank*); District Court Amsterdam, June 26, 2000, *IER* 2000, 275 (*Euro 2000*); District Court The Hague, March 7, 2001, *BIE* 2002, 68 (*Zonnatura/Natura*); District Court Haarlem, May 21, 2002, *IER* 2002, 246 (*De Echte Bakker*); District Court The Hague, December 4, 2003, *BIE* 2004, 25 (*FunktieMediair/EtnoMediair*); Court of Appeal 's-Hertogenbosch, September 20, 2005, *BIE* 2006, 439 (*Zorgwel/Welzorg*); District Court Amsterdam, May 18, 2006, *BIE* 2007, 252 (*Russische Bibliotheek*). The court rejected that descriptive signs had acquired distinctiveness through use in trade in the following cases: Court of Appeal 's-Hertogenbosch, May 28, 1990, *BIE* 1991, 187 (*Weerts/L.R.D.; licht blauw gekleurde band op witte ondergrond van een luiervorm*); Court of Appeal, November 1, 2007, *BIE* 2008, 75, at 512, *I.R.D.I.* 2008, 438 (*World Pack*); District of Appeal Amsterdam, November 3, 2009, *IER* 2010, 25, at 214 (*Media Mij/ANWB*); Court of Appeal The Hague, March 26, 2013, *IER* 2013, 55, at 448 (*Glashelder*).

those marks source-identifying, which leads to the possibility of consumer confusion in the first place.²⁰⁸

After all, consumers would not be confused about the commercial origin of goods or services if enterprises were not able to invest in these non-distinctive signs in the first place. If these signs were definitely excluded from trademark protection, enterprises would not be interested in investing in marketing campaigns aimed at educating consumers about the role of these signs as identifiers of commercial source. This would in turn reduce the need for protecting consumers against potential confusion by awarding trademark protection. If enterprises were to finally give up trying to educate customers to recognise non-distinctive, descriptive or generic signs as source identifiers, consumers would not be confused about the commercial origin of the relevant goods or services when these signs are used in the marketplace.²⁰⁹

This skepticism reflects the concern often expressed by scholars regarding the “propertisation” of signs and symbols, i.e. the gradual expansion of trademark rights as protection against dilution and unfair free-riding.²¹⁰ According to McKenna:

As courts in the early twentieth century broadened trademark owners’ rights, consumers grew to expect that trademark owners had increasingly broad control over their marks. Those changed consumers expectations then became the basis for even broader trademark rights, which then in turn created even greater expectations. And on it has spiraled, with the help of marketers, who specialize in influencing consumer expectations.²¹¹

Furthermore, the perception of the relevant public, which consists of average consumers of the goods in question who are reasonably well-informed and reasonably

²⁰⁸ Ramsey (2003), p. 1150.

²⁰⁹ Senftleben and Anemaet (2013), p. 247; Ramsey (2003), pp. 1100, 1150; McKenna (2007), p. 1899. Even if trademark law was not traditionally intended to protect consumers, but rather sought to protect producers from illegitimate diversions of their trade by competitors, this argument for the possibility of acquiring distinctiveness through use in trade is also doubtful, because competitors would not be able to profit from the efforts of the trademark owner since without the reward of trademark protection trademark owners would not be interested in investing in descriptive signs.

²¹⁰ For example, the CJEU substantially extended the number of functions of trademarks in *L’Oréal/Bellure*. These functions of trademarks are strongly articulated in terms of the agency of the trademark proprietor, *see* for example at 49: “the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark” (CJEU, judgment June 18, 2009, Case C-487/07). *See also* Gangjee (2013); Senftleben (2013a); Ramsey (2003), p. 1096. Identifying the producer of the trademark as the sole possessor of rights is probably inaccurate, because not only do marketers invest in trademarks, but consumers make a considerable investment as well. Consumers invest both psychological meaning as well as additional capital by choosing to purchase a specific brand rather than another. By purchasing goods they subsidise the advertising costs of the trademark owners (Wilf (1999), p. 17).

²¹¹ McKenna (2007), p. 1899. In addition, trademarks were not traditionally meant to protect consumers (McKenna (2007), p. 1841).

observant and circumspect²¹² is an abstract concept that is difficult to measure: actually, the average informed consumer does not exist.²¹³ The question therefore is: to what extent are trademark owners able and – even worse – encouraged to invest in these particular non-distinctive, descriptive and generic signs in order to have them registered? If they are encouraged to misappropriate signs that actually belong to the public domain, EU trademark law creates dysfunctional incentives and needs to be reformed. Not only have doubts arisen regarding the possibility of acquiring distinctiveness through use in trade with respect to non-distinctive, descriptive and generic signs, but the consequences of this possibility with regard to signs of cultural significance and non-traditional signs, such as colours per se and shapes are also questionable. Just as descriptive signs, signs in the latter categories are often descriptive or generic.²¹⁴

3.3.2 Economic Aspects of Trademarks

This problem can also be examined from an economic perspective. Search costs play a central role in trademark economics. Consumer search costs increase as a result of granting exclusive rights on descriptive or generic signs.²¹⁵ The number of words that can adequately describe the qualities or the characteristics of a particular good is not unlimited. Especially if there are few alternatives, granting exclusive rights to descriptive and generic signs might be problematic. The protection of trademarked generic words is even worse, because it ignores all mention of competing brands and even seems to suggest their nonexistence.²¹⁶ Therefore, descriptive and generic signs are excluded from trademark protection and can only acquire

²¹² However, this concept of the well-informed consumer is weakened in the *Lloyd/Lloint's Case*, para. 26: “However, account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind. It should also be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question.” (CJEU, judgment June 22, 1999, Case C-342/97).

²¹³ This standard of the reasonably well-informed consumer matches the ideology of trademark law, i.e. market transparency leads to maximal prosperity. If consumers do have more knowledge about the products, the transaction costs will be lower and the consumers will be able to make better choices. Therefore, trademark owners are obliged to provide consumers with product information, with the consequence that we must assume that consumers actually read the information provided with products. The concept of a reasonably well-informed consumer is inextricably bound up with the concept of market transparency. Furthermore, it is doubtful whether trademark law is meant to protect consumers against confusion in the first place, because trademark law is a subjective right. For example consumers are definitely confused when trademark owners fail to use their right to prohibit third parties from using their trademark. Actually, the idea behind trademark law is to regulate the distance between competitors on the market. (Kabel (2005), pp. 15, 19, 25-26). See also Davis (2015), p. 21; Davis (2005), pp. 196-197.

²¹⁴ See for example German Federal Patent Court, November 25, 1997, Case 24 W (pat) 188/96, *Mona Lisa*, Gewerblicher Rechtsschutz und Urheberrecht 1021, 1023 (1998); German Federal Patent Court, Nov. 9, 2005, Case 29 W (pat) 147/03, *Porträtfoto Marlene Dietrich*, Gewerblicher Rechtsschutz und Urheberrecht 333, 8.1 & 8.2 (2006).

²¹⁵ Analogous to descriptive signs are common symbols or individual colours.

²¹⁶ Folsom and Teply (1980), pp. 220, 224. Consumers could think: “I agree that it looks like plexiglass, but if your substitute brand of cast acrylic sheet is really “Plexiglas”, then why isn’t it called that?”.

distinctiveness through use in trade.²¹⁷ With regard to functional shapes the CJEU is cautious in granting exclusive rights, because the

registration as a trade mark of a purely functional product shape is likely to allow the proprietor of that trade mark to prevent other undertakings not only from using the same shape, but also from using similar shapes. A significant number of alternative shapes might therefore become unusable for the proprietor's competitors. That would be particularly so if various purely functional shapes of goods were registered at the same time, which might completely prevent other undertakings from manufacturing and marketing certain goods having a particular technical function.²¹⁸

This reasoning can equally be applied to other signs, such as generic or descriptive signs or colours. For example, granting exclusive rights to an abstract colour, such as lilac for chocolate bars, limits the availability of colours for other traders on the market, because the trademark owner can also prevent the use of colours similar to the colour lilac and trademark protection is even broader when this trademark has a reputation. If other traders then succeed in registering another colour on the market, the number of colours available for the category of chocolate bars would quickly be exhausted. The same applies to descriptive and generic terms. Furthermore, a trader that has achieved exclusive rights on a word that describes a positive feature of a good therefore obtains an unfair economic advantage because consumers easily understand what this trademark stands for²¹⁹ and the costs are higher for competitors who need to inform consumers of the fact that their goods have this same feature but cannot freely use the descriptive word as a mark in their brand name or advertising.²²⁰ For example, if a competitor cannot use the word "coffee" to advertise his coffee machine because a trademark owner has exclusive rights to the word "coffee", research costs will increase because consumers will have to read and remember more and more complex information, such as a description of coffee as "a hot dark brown drink with a slightly bitter taste".²²¹

Besides, even when consumers are informed that competing products are good substitutes and possess the desired attributes, they may still be unwilling to risk buying goods

²¹⁷ Article 3(1)(c) and (3) TMD [Art. 4(1)(c) and Art. 4(4)(5) TMD 2015]; Art. 7(1)(c) and (3) CTMR [Art. 7(1)(c) and (3) EUTMR].

²¹⁸ CJEU, judgment September 14, 2010, Case C-48/09 P, para. 56-57 (*Lego Juris/BHIM*). See also Quaedvlieg (1987), p. 36.

²¹⁹ See for example the trademark "Kinder" for chocolate products (transl. "children"). Consumers will easily understand what this trademark stands for, namely chocolate products produced especially for children. This trademark refers to the target group of the trademark (INT registration 298866 of June 14, 2005). See also Benelux Court of Justice, judgment of May 15, 1981, *Berichten Industriële Eigendom* 1981, 145 comment vdZ (*Kinder*).

²²⁰ Ramsey (2003), p. 1161. See also footnote 334: "The English language currently contains a limited list of synonyms for reliable and other words that convey a product's integrity." For example, in the *Kinder* Case third parties had to litigate to the highest German Court in order to be able to use a descriptive sign in relation to their goods and services, which illustrates that third parties do not necessarily have a right to use this descriptive sign [German BGH, judgment of September 20, 2007, *GRUR* 2007, 1066, 1071 (*Kinder II*)]. See also Economides (1988), p. 538; Burgunder (1985), p. 404.

²²¹ Landes and Posner (1988), p. 278. See also Longman Dictionary of Contemporary English, Pearson Education Limited, 2009.

without a trademark including descriptive elements.²²² In this way, “a business that selects and uses a descriptive term as a mark on its product is, in effect, free riding on the attribute-identifying value of the descriptive term.”²²³ After all, the new meaning that a sign has acquired through use in trade does not override the original descriptive meaning of that sign. These trademarks represent both a description and the single source of the product.²²⁴ The consequence of granting exclusive rights on descriptive signs is that consumers will pay higher prices for a smaller quantity while the value of the brands of competitors will decrease.²²⁵ Besides, a (less) distinctive trademark can deter other traders, particularly small firms, because even a successful legal procedure costs money, so that it might be cheaper to choose a different sign.²²⁶ Therefore we should be careful with granting trademark rights to descriptive signs that have acquired distinctiveness through use in trade.

3.3.3 Non-Traditional Signs Such as Colours per se and Shapes

The CJEU has extended the number of signs that need to acquire distinctiveness through use in trade. For example, in most cases, non-traditional signs, such as colours per se and shapes, have to acquire distinctiveness through use in trade. The CJEU argues that these nontraditional trademarks are not necessarily perceived in the same way as a word or figurative mark.²²⁷ After all, consumers are used to immediately make assumptions about the origin of goods based on word and figurative marks. However, this principle does not apply when the sign in question coincides with the appearance of the goods it denotes,²²⁸ because according to the *Henkel* Case “Average consumers are not in the habit of making assumptions about the origin of goods based on the shape of their packaging, in the absence of any graphic or word element.”²²⁹

According to the CJEU this means that it might prove more difficult to establish distinctive character in the case of such a three-dimensional trademark than in the case of a

²²² Folsom and Teply (1980), p. 227.

²²³ Ramsey (2003), pp. 1155. *See also* CJEU, judgment of May 4, 1999, Case C-108/97, C-109/97 (*Windsurfing Chiemsee*), para. 26.

²²⁴ Ramsey (2003), pp. 1155, 1157-1158.

²²⁵ Landes and Posner (1988), p. 287.

²²⁶ Spoor (1990), pp. 16-17; Senftleben (2013b), pp. 815-816; District Court of The Hague, May 4, 2011, Case LJN: BQ3525 (*Nadia Plesner/Louis Vuitton*), available at <http://www.rechtspraak.nl>; for a case comment, *see also* Visser (2011), pp. 740-742.

²²⁷ Despite the fact that colours are included in Art. 15(1) of the TRIPS Agreement and shapes are included in Art. 2 of the Directive 2008/95/EC [Art. 3 TMD 2015]; Art. 4 of the Council Regulation (EC) No. 207/2009 [Art. 4 EUTMR], Art. 2.1 of the Benelux Treaty on Intellectual Property. *See* CJEU, judgment February 12, 2004, Case C-218/01 (*Henkel*), para. 49; CJEU, judgment October 7, 2004, Case C-136/02 P (*Mag Instrument/BHIM*), para. 31; CJEU, judgment January 12, 2006, Case C-173/04 P (*Deutsche SiSi-Werke/BHIM*), para. 31; CJEU, judgment May 6, 2003, Case C-104/01 (*Libertel*); CJEU, judgment June 24, 2004, Case C-49/02 (*Heidelberger Bauchemie GmbH*), para. 39.

²²⁸ CJEU, judgment of June 22, 2006, Case C-25/05 (*Storck*); CJEU, judgment of May 6, 2003, Case C-104/01, (*Libertel*), para. 65; CJEU, judgment of October 12, 2004, Case C-447/02, (*KWS Saat/BHIM*), para. 78.

²²⁹ CJEU, judgment of February 12, 2004, Case C-218/01 (*Henkel*), para. 52; CJEU, judgment of April 8, 2003, Case C-53/01-C-55/01 (*Linde*), para. 48.

word or figurative mark.²³⁰ Only a trademark which significantly departs from the norm or customs of the sector and thereby fulfills its essential original function is argued to have distinctive character.²³¹

In the *Libertel* Case the CJEU followed the same line of argument with regard to colour per se.²³² In the case of a colour per se, distinctiveness without any prior use is inconceivable, save in exceptional circumstances, particularly where the number of goods and services for which the mark is claimed is very restricted and the relevant market very specific.²³³ Signs consisting of a shape or a colour per se have to meet higher standards, despite the fact that in the *Linde* Case the CJEU explicitly confirmed that when assessing the distinctiveness of a three-dimensional shape trademark for the purposes of Art. 3(1) (b) of the Directive [Art. 4(1) (b) TMD 2015], no stricter test may be used.²³⁴ This additional threshold can be seen as the result of an effort on the part of the CJEU to keep standard product packaging and colours per se in the public domain. According to the CJEU, in the *Libertel* Case

It must therefore be acknowledged that there is, in Community trademark law, a public interest in not unduly restricting the availability of colours for the other operators who offer for sale goods or services of the same type as those in respect of which registration is sought.²³⁵

The CJEU therefore uses an actual assumption, namely that the consumer will not recognise the shape of the packaging and the colour as identifiers of commercial source, to reach a normative purpose: shapes and colours should remain available to other users on the market.²³⁶ However, the assertion of the CJEU that consumers are not “in the habit” of perceiving such signs as a badge of origin, becomes more and more doubtful with every trader who succeeds in linking a specific shape or colour with her enterprise as the origin of goods or services in the minds of consumers.²³⁷ Consider for instance the widespread recognition of the lilac colour of Milka and the colour magenta of the Deutsche Telekom; this shows us that consumers are able to recognise an abstract colour as an identifier of commercial source and that the marketing efforts of trademark owners are worthwhile.²³⁸ Even without any graphic

²³⁰ The above-mentioned case-law, which was developed in relation to three-dimensional trademarks consisting of the appearance of the product itself, also applies where the trademark applied for is a figurative mark consisting of the two-dimensional representation of that product or a figurative mark consisting of the shape of a part of the product concerned (CJEU, judgment June 22, 2006, Case C-25/05 P (*August Storck/BHIM*), para. 29; CJEU judgment May 15, 2014, Case C-97/12 P (*Louis Vuitton/BHIM*).

²³¹ CJEU, judgment February 12, 2004, Case C-218/01 (*Henkel*), para. 49.

²³² CJEU, judgment May 6, 2003, Case C-104/01 (*Libertel*), para. 65.

²³³ CJEU, judgment May 6, 2003, Case C-104/01 (*Libertel*), para. 66.

²³⁴ CJEU, judgment April 8, 2003, Case C-53/01-C-55/01 (*Linde*), para. 49. See for an example of a highly distinctive shape of chocolate-sticks without use in trade: Dutch Supreme Court, judgment December 23, 2011, Case 10/02367, *IER* 2012, 29.

²³⁵ CJEU, judgment May 6, 2003, Case C-104/01 (*Libertel*), para. 55.

²³⁶ Senftleben and Anemaet (2013), p. 249.

²³⁷ Senftleben (2013b), p. 803.

²³⁸ CTM registration 000031336 of October 27, 1999 (Kraft Foods) and CTM registration 000212787 of August 3, 2000 (Deutsche Telekom). See also CTM registration 000747949 of March 23, 2007 (MHCS) for the colour

or word element, consumers can certainly become used to deriving the origin of goods from of the shape or colour of their packaging, especially if more and more traders succeed in having this type of trademark registered. Therefore it is questionable whether the actual assumptions of the CJEU are still sufficient to prevent the misappropriation of these signs. The next paragraph analyses the general background of how consumer perception works.

3.3.4 Consumer Perception

How does consumer perception work? A consumer wishes a perception that leads to a quick recognition of the product, so that he does not have to search a long time for his preferred product. The consumer also wants to avoid purchasing the wrong product.²³⁹ The stronger the trademark, the better the consumer will know the qualities of the product, and the faster he will decide. This knowledge is stored in human memory, which can be seen as a cognitive network of nodes in which information is stored. The more links with different nodes there are, the stronger the information is stored in memory. When activating memory, a node lights up, which activates not only this specific information, but also the surrounding nodes it is linked to.²⁴⁰ If a trademark has a strong associative network, it can easily be recalled from memory.²⁴¹ The consumer will then sooner choose this familiar trademark, so that in the end, it is the box of “Merci” chocolates that will fall in the shopping basket, rather than the adjacent but rather unknown chocolates.²⁴² The perception of a trademark is based on the

orange for alcoholic beverages; CTM registration 006258131 of July 31, 2008 (Deere & Company) for the colours green for the vehicle body and yellow for the wheels of agricultural and forestry machines; CTM registration 001079169 of September 14, 2004 (Orange Brand Services Limited) for the colour orange as a characteristic element of the trademark for telecommunication services. The colour blue was for instance accepted in the Benelux as a valid trademark for metal containers years ago: Benelux Court of Justice, judgment March 9, 1977, *Nederlandse Jurisprudentie* 1978, 416, comment LWH; *Berichten Industriële Eigendom* 1977, 60 (*Ahrendt/Leefjerink; Camping Gaz*). See for a more recent example: Court of Appeal, Brussels, judgment October 21, 2013, *Ing.-Cons.* 2013, 845 (*Maes/Jupiler*). See also *Senftleben* (2013b), p. 803.

²³⁹ Bradford (2008), p. 1260; Garbarino and Edell (1997), pp. 147, 148.

²⁴⁰ Jacoby (2001), pp. 1018-1019; Swann (2002), pp. 607-608, 622-623; Morrin and Jacoby (2002); Van Horen et al. (2006-2007), p. 167; Collins and Lotus (1975), pp. 407-428; Gangjee (2013), p. 6; Keller (1993), pp. 1, 2.

²⁴¹ Jacoby (2001), p. 1024: “For example, suppose a consumer is asked: ‘I’m thinking of a particular beer that costs around \$4.95 a six-pack. What can you tell me about that beer?’ The consumer would be unable to tell much about the beer beyond the price. [...] Suppose, instead, the consumer is asked: ‘I’m thinking of a particular beer. Its name is Budweiser®. What can you tell me about that beer?’ Most adult Americans might be able to provide a great deal of information, including: (1) the approximate price; (2) the name of the manufacturer [...]” (Eight other features are mentioned). A sign has acquired distinctiveness through use in trade (at 1029): “when a “substantial,” “appreciable,” or “significant” proportion of the relevant consuming public develops cognitive networks for a product or service, and these networks possess one or more nodes capable of serving to uniquely identify that product or service as coming from a particular (albeit anonymous) source, then, from a psychological perspective, that node (or nodes) may be said to have acquired distinctiveness” or achieved “secondary meaning”.”

²⁴² Van Horen (2010), pp. 27, 29, 87: Consumers do not always prefer the chocolates of “Merci” above the unknown trademark “Voilà”, because they recognise the trademark. When a “copycat” (an imitation based on associations) imitates the distinctive features that are strongly and uniquely associated with the leader brand, such as when the unknown trademark “Voilà” are placed in the shelves nearby the chocolates of “Merci”, it is more likely that a distinct representation of the leader brand will be activated, resulting in contrast. Nevertheless, when consumers are uncertain about which choice to make and the chocolates of “Voilà” show many similarities

network of links in the memory of the relevant consumer group, and it leads to certain thoughts, feelings and behaviour when consumers are confronted with the appearance of the trademark. Catching sight of an advertising mast on the freeway with the “M” for McDonalds might for instance result in the consumer taking the first exit. These perceptions, thoughts, decisions and actions are driven by the brain, partly by the conscious part of the brain, but largely by the unconscious, so that people tend to respond automatically.²⁴³

In order to achieve distinctive power a trademark must have strong, positive and unique associations.²⁴⁴ The strength of an association is primarily determined by the way information is encoded and stored in memory. The strength of the association is determined by the quantity of product information, i.e. how often information about the trademark is offered and how often consumers think about this trademark, together with the quality of product information, i.e. how intensely consumers think about this information.²⁴⁵ Slogans that invite people to think have a higher chance of being stored in memory. For example, the slogan of Nestlé “Have a break...have a Kit Kat” has strong associations, because the slogan has both a literal and figurative meaning which gives consumers food for thought.

Secondly, a trademark must have positive associations, such that consumers are convinced that the trademark has certain features and advantages which satisfy their needs. This might involve particular features of the product, or the image that a product user has of himself.²⁴⁶

In addition, people’s attitudes can be based on affective reactions to the object. What matters is not what they know, but what they feel.²⁴⁷ A distinction can be made between an approach aimed at the “mere exposure effect” and an approach aimed at the conditioning process.²⁴⁸ The “mere exposure effect” refers to the fact that the mere repeated exposure of an individual to a stimulus object will enhance his attitude towards it. Humans easily develop strong preferences for an object that has become familiar through repeated exposure.²⁴⁹ A

with those of “Merci”, and the well-known chocolates cannot be found on the shelves, consumers may make a positive evaluation of the copycat. Furthermore, imitating abstract themes is a more effective imitation strategy than imitating distinctive perceptual features. Feature-based copycats heighten awareness of the insincere tactics being used, due to which this type of copycat is evaluated more negatively than theme-based copycats. Awareness of persuasion tactics is however low in theme-based copycats. In addition, theme-based copycats give rise to pleasant feelings induced by something that feels familiar, so that theme imitation is more effective.

²⁴³ Lakoff (2008), p. 197; Bargh (2014), pp. 32-39; Dijksterhuis (2010); Jones and Goldsmith (2005), pp. 438-439; Bechara and Damasio (2005), p. 340; Damasio (1994), pp. 193-94; Bradford (2008), pp. 1237, 1260-1261; Slovic et al. (2002), p. 332; Pinker (1997), pp. 370-374; Zajonc (1980), p. 157; Bargh (1997).

²⁴⁴ On the other hand it must be noted that trademark owners are probably not the only sources of the meaning of a sign. Although producers initially associate a particular sign with an object, in the end the public has to accept these associations as a component of the interpretive community if the sign is to survive. Consumer studies point out that brands are social constructs driven by individuals at a personal level and communities at a social level. For example, new brand propositions can fail despite the best efforts of marketers and expensive campaigns. See Gangjee (2013), p. 8; Desai (2012).

²⁴⁵ Keller (1993), p. 5; van Horen et al. (2006-2007), p. 167.

²⁴⁶ Keller (1993), p. 5.

²⁴⁷ Slovic et al. (2007), pp. 1334-1336.

²⁴⁸ Hoeken (2008), p. 39.

²⁴⁹ Kunst-Wilson and Zajonc (1980), pp. 557-558; Bradford (2008), p. 1267; Zajonc (1968), p. 23: “The balance of the experimental results reviewed and reported in this paper is in favor of the hypothesis that mere repeated exposure of an individual to a stimulus object enhances his attitude toward it.” See also Moreland and Beach

trademark owner can influence the attitude of a consumer towards a product by combining it with an attractive image, even if the consumer does not read the text, because he will later recognise the product, and might therefore be biased towards buying it.²⁵⁰ Consumers attribute the positive feeling caused by the ease with which they recognise the product to the product's features.²⁵¹ The mere exposure effect might even occur when people perceive objects subliminally.²⁵² The only condition is that the stimulus may not have a pre-existing negative image.

In addition, positive feelings can also be conditioned. Examples include choosing a particular word combination or combining words and music, as in the slogan "Always Coca-Cola", or using attractive images of famous people recommending the product in question, such as George Clooney recommending Nespresso in a commercial by saying "What else?" Consumers will associate the pleasurable feelings evoked by the attractive images with the product advertised. If consumers repeatedly associate pleasurable feelings with a particular product, they will develop a positive attitude towards this product.²⁵³

Thirdly, the association must be unique to the trademark. To ensure uniqueness, a trademark should not share more than a few associations with other competing trademarks.²⁵⁴ The more a trademark has strong, positive and unique associations, the stronger it will be stored in memory. In other words, trademark owners can teach consumers to recognise signs as identifiers of commercial source.²⁵⁵

(1992): This research demonstrated that the participants developed the strongest preferences for the student who had come most often to the course. At the end of the course the participants were confronted with pictures of the students who came to the course. All the four students were equally attractive, but not all the students came equally frequently to the course.

²⁵⁰ Bradford (2008), p. 1268; Hoeken (2008), p. 39.

²⁵¹ Novemsky et al. (2007); Reber et al. (2004); Song and Schwarz (2009); Bradford (2008), p. 1234.

²⁵² An experiment demonstrated, for example, that people who were exposed very briefly, for one millionth of a second, to Chinese signs, found these signs more attractive, even though these people were not aware of the fact that they had seen these signs before. Another experiment demonstrated the same effect. A subject had a discussion with two unfamiliar persons. The subject had subliminally seen one of these persons before, but he did not know it. The experiment demonstrated that the subject thought the person whom he had seen subliminally was friendlier than the other person and he agreed with him more often, without knowing the reason for his own behaviour. *See* Bornstein (1992).

²⁵³ Stuart et al. (1987). In several experiments is indicated that attitudes towards for example words, non-words and writing pens can be influenced by stimuli, such as annoying music, electric shocks and hard noises. These stimuli evoked a negative reaction, such that the attitude towards the object becomes negative too. *See* Gorn (1982); Cacioppo et al. (1992); Hoeken (2008), p. 183; Zanna et al. (1970); Staats et al. (1962). A number of researches indicated that the frequent linking of neutral objects, such as person names, country names and non-words with words that have a clearly positive or negative affective meaning, can influence the attitude for these names and words. *See* Berkowitz and Knurek (1969); Kuykendall and Keating (1990); Staats and Staats (1958).

²⁵⁴ Swann (2002).

²⁵⁵ *See also* Bradford (2008), p. 1235: "The emotion literature suggests, in contradiction to the claims of dilution regulation proponents, that much of the 'selling power' of famous marks is due primarily to their familiarity and not any specific benefit, tangible or intangible, of the product".

3.3.5 The Distinctiveness of Shapes and Colours per se

But how do consumers perceive shapes and colours? Just as with words and images, the acquired distinctiveness of shapes and colours depends on the extent to which the information is stored in memory and the strength of the associative network.

If a particular shape or colour is frequently linked with a trademark, the association will be strong enough for the matching trademark to be efficiently recalled when the consumer perceives the shape or colour in question. Similarly, a positive attitude can be developed with respect to shapes, for example, by designing the shape in such a way that it is both convenient in use and attractive,²⁵⁶ or by presenting a product in such a way that the stimuli are linked to pleasurable feelings, for example by using advertising. Colours are for instance very suitable for evoking feelings. Warm colours, such as red and yellow, are experienced as being stimulating, while cold colours, such as blue and green, have a calming effect.²⁵⁷ In addition to the universally natural colours, colours also differ per culture, so that it is possible to use colours to evoke different associations.²⁵⁸ In such situations, a colour can have a very strong degree of distinctiveness, especially if a trademark owner chooses another colour than that which is normally used for a specific product category.

For example, Pepsi has chosen the colour blue to distinguish its product, while the colour normally used to distinguish soft drinks in America is red. The colour blue gives a strong signal to the consumer about where to find this particular product among other soft drinks. As far as shapes are concerned, their uniqueness is even easier to achieve, because shapes are three-dimensional, while images only have two dimensions. Therefore, shapes provide more opportunities for distinctiveness.²⁵⁹

In addition, the motivations and goals of consumers also determine product perception. Consumers use a number of strategies to achieve their goals. This requires attention. Only the information that is necessary to achieve the goal will be processed and noted. Consumers will focus on the specific aspect of a product which meets their goal, so that only the associations that fit their goals will become accessible. If the shape of a product is essential to a particular purpose, the consumer will turn his attention to this shape with the consequence that this shape will acquire distinctiveness with respect to other shapes. The message recipient is by no means passive: he selects, interprets and reformulates information, and draws conclusions from this exercise that can differ from the purpose of the sender.²⁶⁰

Furthermore, the characteristics of consumers are also important. According to Petty and Cacioppo's *Elaboration Likelihood Model* (ELM),²⁶¹ consumers process information on one of two ways: thoroughly or superficially.²⁶² These two routes to persuasion are connected with cognitive capacity, i.e. whether the recipient is able to process information, and whether

²⁵⁶ Van Horen et al. (2006-2007), p. 167.

²⁵⁷ Bellizzi et al. (1983).

²⁵⁸ Kreitler and Kreitler (1972): the colour yellow, for example, is associated with hate in the West, while it refers to trust in China.

²⁵⁹ Van Horen (2006-2007), p. 167.

²⁶⁰ Balçetis and Dunning (2006), p. 613; Pol et al. (2007), p. 46.

²⁶¹ Petty et al. (2004); Petty and Cacioppo (1986).

²⁶² See also Bradford (2008), p. 1262; Slovic (2004), p. 973; Slovic et al. (2002), p. 330.

he has the opportunity and the motivation to do so. The assumption is that people generally wish to have correct attitudes. If consumers are able to process the message, and if they have the opportunity and the motivation to do so, and they have a high degree of involvement with the message, they will choose a central route to persuasion. A central route to persuasion involves high-order cognitive activity whereby the consumer in question “draws upon prior experience and knowledge in order to carefully scrutinize all of the information relevant to determining the central merits of the position advocated.”²⁶³ People thoroughly process information when they have a *high need for cognition*, i.e. a tendency to think.²⁶⁴ A person with this kind of need for cognition wishes to control the situation. He or she will therefore try to collect as much information as possible. Such consumers tend to focus on specific characteristics, as a result of which they will certainly notice a special shape. In particular if a consumer thinks the shape of a product is important, he will be highly involved and will thoroughly process the message, so that the shape will definitely be distinctive.

However, people’s motivation and ability to process are often low, resulting in consumers following the *peripheral route*. The peripheral route to persuasion refers to the fact that “it is neither adaptive nor possible for people to exert considerable mental effort in thinking about all of the media communications to which they are exposed”.²⁶⁵ People must sometimes act as “lazy organisms” or “cognitive misers” and evaluate with simpler tools if they want to function well in current society.²⁶⁶ For example, the familiarity of a trademark can be a heuristic, but so can the heuristic “if it is scarce it must be of value.”²⁶⁷ People who have a *high need for structure* will usually process information less thoroughly. They are very motivated to gain an overview of the entire situation and will therefore use wide, general categories. They are unlikely to notice the special features of a product. A relatively unimportant factor such as colour preference will have more impact on a consumer’s decision if he is processing it superficially than if he is processing it thoroughly. In the case of cheap products, consumers will have a low degree of attention, so that a different colour may well be enough to attract the consumers’ attention. For example, even if a consumer did not read the accompanying text, the colour information may well have made it into memory.²⁶⁸

In view of the above, it is unclear why shape and colour marks should be judged differently, i.e. using a stricter test, than word marks and figurative marks, since the perception of the consumer depends entirely on the circumstances. Perception depends on the associations evoked by the trademark, i.e. whether these associations are strong, positive and

²⁶³ Petty et al. (2009), p. 132.

²⁶⁴ Perloff (2003), pp. 211-220.

²⁶⁵ Petty et al. (2009), p. 135.

²⁶⁶ Bradford (2008), p. 1260; Garbarino and Edell (1997), p. 148; Slovic (2004), p. 973; Schwarz (2002), p. 539.

²⁶⁷ Slovic et al. (2002), p. 332: “Using an overall, readily available affective impression can be easier and more efficient than weighing the pros and cons of various reasons or retrieving relevant examples from memory, especially when the required judgment or decision is complex or mental resources are limited. This characterization of a mental short-cut has led us to label the use of affect a ‘heuristic’”; Pol et al. (2007), p. 36; Bradford (2008), p. 1268: “To avoid incongruence, people tend to interpret information in line with initial expectations. Once a consumer has formed a positive impression of a familiar brand, she will feel more positively towards subsequent exposures, such as advertisements. The information from advertising also indirectly impacts purchasing decisions”.

²⁶⁸ Grossman and Wisenblit (1999), pp. 85-86.

unique. Perception also depends on factors such as the goals and characteristics of the consumer. In addition, the eyes that observe shapes, colours, words, and pictures, are very sensitive sensory organs: people can perceive a difference in brightness of less than two per cent.²⁶⁹ Colour features are essential to shapes. After all, as long as there is light, humans are able to perceive objects, but also words, precisely because they have colour. For example, colours are a good tool for remembering objects.²⁷⁰ A number of cones and rods in the retina allow people to perceive colour and light. The light that is transmitted by the source is invisible and only becomes visible on particles or drops of water. It is the reflected colour, for instance on the page of a book, that allows people to perceive light. Almost everything reflects light, but it is the way in which it is reflected that makes all the difference. White surfaces are composed of molecules or atoms that do not absorb any of the visible colours of light. Our eyes perceive this reflected combination as the colour white. However, dark surfaces are composed of molecules or atoms that can absorb any of the visible colours of light, so that the light will be darker. For example, grass is green because only the green part of the colours of the spectrum is reflected. Text, titles or person names can only be observed if there is colour, for example black letters on a white background. Light is a colour stimulus: once the light reaches our eyes, it is converted into nerve impulses to the retina. These nerve impulses are conducted to the cerebral cortex where colour perception arises.

A change in the amount of light therefore leads to a change in colour perception.²⁷¹ Colours are therefore easy to perceive, and they are clearly visible from a distance, in contrast to words. Furthermore, with regard to services consumers quickly recognise colours as an identifier of commercial source because by nature services do not have colour.²⁷² In addition, colours can better function as identifier of commercial source than word marks if the trademark is addressed to a public that has difficulties with reading or that cannot read at all, for example children.²⁷³ However, the context in which the shape or colour of an object is presented is very important to the perception of these stimuli.²⁷⁴ If similar products are placed together, the consumer really has to focus his attention to perceive how these products differ. The shapes and colours of products that are very distinctive attract most attention if they are placed with more neutral products.

As shown above, consumers do not by definition experience more difficulties in perceiving shapes and colours. The consequence is that the efforts of enterprises turn out in practice to be effective: consumers can clearly perceive both colours and shapes and recognise them as an identifier of commercial source.²⁷⁵ In addition, it turns out that consumers do not by definition have to make more efforts to recognise colour marks and shape marks. Therefore, the assumptions made by the CJEU to keep certain signs free from trademark protection could be an additional facilitating factor that allows trademark owners to

²⁶⁹ Dijksterhuis (2010), p. 54.

²⁷⁰ Siple and Springer (1983); Davidoff (1991); Boynton and Dolensky (1979).

²⁷¹ Schwarz (1968), pp. 11-12. *See also* Casiday and Frey (2000).

²⁷² Cohen Jehoram et al. (2010), p. 162.

²⁷³ Purcell (2003), p. 341.

²⁷⁴ Van Horen et al. (2006-2007), p. 167.

²⁷⁵ Senfleben and Anemaet (2013), p. 249. *See also* Kabel (2005), p. 25: "When the interests of the public are not of primary importance with regard to the implementation of a legal standard, it is also understandable that actual research on public opinions may not be really relevant to the opinion of the judge." (transl.)

monopolise signs.²⁷⁶ While the CJEU may believe that the threshold of the possibility of acquiring distinctiveness through use in trade is high enough to have a deterrent effect on traders, it may well be that this possibility of acquiring distinctiveness through use in trade in fact stimulates certain traders to invest in these particular signs, especially if an increasing number of traders succeed in linking in the minds of consumers a specific shape or colour to their enterprise as the origin of goods or services. Traders may think that if they invest enough in these particular signs, they will overcome the quite high threshold of distinctiveness and thus achieve exclusive rights on a sign that represents a positive attribute of a good which gives them an unfair economic advantage because of the limited availability of standard product packaging and colours. The CJEU may therefore paradoxically create dysfunctional incentives.

3.3.6 Are Normative Purposes More Important Than Actual Assumptions?

The consequence of the CJEU's approach²⁷⁷ in relying on the threshold of distinctiveness rather than on a much more normative test that excludes non-traditional signs from trademark protection even if they have acquired distinctiveness through use in trade is that it is less difficult for traders to register a non-traditional sign, because the option of registering shapes and colours per se is kept open. If the CJEU really wants to keep standard product packaging and colours per se in the public domain, it would be a loss to the public domain if a trademark owner was to succeed in registering a shape mark or a colour mark. This is particularly relevant in view of the fact that a trademark owner can endlessly renew the trademark registration.²⁷⁸ Actually, it would be fairer and more convincing if the CJEU took into consideration that it actually wants to preserve colours per se and shapes in the public domain rather than considering that consumers are not 'in the habit' of perceiving such signs as a badge of origin.²⁷⁹

Similar problems arise with regard to descriptive signs. Contrary to suggestive, fanciful or arbitrary marks, descriptive signs are deemed not to be capable of distinguishing the goods or service of a given undertaking. Descriptive signs can only acquire distinctiveness over time through use in trade. According to the CJEU:

Accordingly, signs and indications which may serve in trade to designate the characteristics of the goods or service in respect of which registration is sought are, by

²⁷⁶ The extent to which trademark owners can monopolise shapes and colour marks is discussed in Sect. 4.

²⁷⁷ CJEU, judgment February 12, 2004, Case C-218/01 (*Henkel*), para. 49; CJEU, judgment October 7, 2004, Case C-136/02 P (*Mag Instrument/BHIM*), para. 31; CJEU, judgment January 12, 2006, Case C-173/04 P (*Deutsche SiSi-Werke/BHIM*), para. 31; CJEU, judgment May 6, 2003, Case C-104/01 (*Libertel*); CJEU, judgment June 24, 2004, Case C-49/02 (*Heidelberger Bauchemie GmbH*), para. 39.

²⁷⁸ Article 18 of the TRIPS Agreement. Although the registration of a trademark that is no longer used in the marketplace may be cancelled after an uninterrupted period of at least three years of inexcusable non-use (Art. 19 of the TRIPS Agreement), in practice another third party will use the free sign. See for example, CJEU, March 11, 2003, Case C-40/01 (*Ajax/Ansul*).

²⁷⁹ Total exclusion from trademark protection of the shape of products or packaging is however not possible because Art. 15 TRIPS Agreement requires that all forms of signs capable of distinguishing goods or services must be accepted for registration as marks.

virtue of Regulation No 40/94, deemed incapable, by their very nature, of fulfilling the indication-of-origin function of the trade mark, without prejudice to the possibility of their acquiring distinctive character through use under Article 7(3) of Regulation No 40/94.²⁸⁰

Furthermore, the CJEU considers that

By prohibiting the registration as Community trade marks of such signs and indications, Article 7(1)(c) of Regulation No 40/94 pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all.²⁸¹ [...] In order for OHIM to refuse to register a trade mark under Article 7(1)(c) of Regulation No 40/94, it is not necessary that the signs and indications composing the mark that are referred to in that article actually be in use at the time of the application for registration in a way that is descriptive of goods or services such as those in relation to which the application is filed, or of characteristics of those goods or services. It is sufficient, as the wording of that provision itself indicates, that such signs and indications could be used for such purposes. A sign must therefore be refused registration under that provision if at least one of its possible meanings designates a characteristic of the goods or services concerned.²⁸²

The CJEU combines actual assumptions about consumer perception of the distinctiveness of descriptive signs, namely that signs are deemed incapable by their very nature, with normative considerations, i.e. that descriptive signs should be refused because of public interest.²⁸³ The consideration that “it is sufficient that such signs and indications *could be used* for such purposes” says nothing about how consumers perceive the particular sign at that moment. Moreover, the CJEU does not test the degree of *distinctiveness* of the descriptive sign, but formulates tests about the degree of *descriptiveness* to conclude that a descriptive sign is not distinctive²⁸⁴:

Article 3(1)(c) of the Directive must be interpreted as meaning that a trade mark consisting of a neologism composed of elements each of which is descriptive of characteristics of the goods or services in respect of which registration is sought is itself descriptive of the characteristics of those goods or services for the purposes of that provision, unless there is a perceptible difference between the neologism and the mere sum of its parts: that assumes that, because of the unusual nature of the

²⁸⁰ CJEU, judgment October 23, 2003, Case C-191/01 P (*Doublemint*), para. 30.

²⁸¹ CJEU, judgment October 23, 2003, Case C-191/01 P (*Doublemint*), para. 31.

²⁸² CJEU, judgment October 23, 2003, Case C-191/01 P (*Doublemint*), para. 32.

²⁸³ See also guidelines on the criteria for the examination of trademarks on absolute grounds composed by the Benelux Office for Intellectual Property (www.biopt.int), paragraph 5.2: “Article 2.11, paragraph 1, sub b, BCIP is an ‘umbrella provision’. Signs that must be refused by virtue of the criteria of article 2.11, paragraphs 1, sub c and sub d, also fall under the criterion of article 2.11, paragraph 1, sub b. Descriptive (c) and customary (d) designations lack distinctiveness by definition”.

²⁸⁴ See also Lee et al. (2009), p. 9.

combination in relation to the goods or services, the word creates an impression which is sufficiently far removed from that produced by the mere combination of meanings lent by the elements of which it is composed, with the result that the word is more than the sum of its parts.²⁸⁵

Although the CJEU looks at the semantic meaning of the word in relation to the goods and services referred to in the application for registration, the Court does not judge the sign “in relation to or considering the distinctive style, font, or presentation of that word in the commercial context of the label used by the would-be trademark owner.”²⁸⁶ Remarkably, empirical studies show that descriptive marks used in a typical trademark-use context are no less source-indicating than suggestive, arbitrary, and fanciful marks.²⁸⁷ Research points out that it is the non-linguistic signs that make descriptive marks highly source-indicating.²⁸⁸ This means that consumers perceive both descriptive signs and suggestive, arbitrary or fanciful marks when entering a supermarket, because these signs are often offered in a trademark-use context, namely presented as a trademark in a way that consumers expect.²⁸⁹

These results are in line with theories of consumer psychology.²⁹⁰ As mentioned, consumer perception is not passive: it is a cyclical process that consists of a recursive interaction between memory, visual inputs, and the context of the visual scene.²⁹¹ Consumers have a “perceptual schema”, a visual mental model of the world, which facilitates the process of perception and interpretation. This perceptual schema consists of consumer experiences of observing product packages in the marketplace, expectations of how products are likely to be encountered in their market context, and what trademarks look like. This perceptual schema is evoked before consumers read the semantic meaning of the word marks on the packaging.²⁹² Consumers direct subsequent eye fixations toward what may be called the “trademark spot” on the package where they expect trademarks to be found, and they compare this with their memory schema for trademarks. If the observations match the memory schema, the sign is marked as a source-identifier.²⁹³

In other words: semantic meaning is not the most important factor in judging a sign to be source-indicating; non-lexical elements make both descriptive signs and suggestive, arbitrary, and fanciful marks source-indicating because of the perceptual schema that guides

²⁸⁵ CJEU, judgment February 12, 2004, Case C-265/00 (*Biomild*), para. 43; CJEU, judgment February 12, 2004, Case C-363/99 (*Postkantoor*), para. 104. However, according to CJEU, judgment April 19, 2007, Case C-273/05 P (*Celltech*), para. 80 it does not follow from the Courts’ case law that the prior analysis of each of the elements of which a mark is composed is an essential step which must be considered to assess the descriptiveness of the mark as a whole.

²⁸⁶ Lee et al. (2009), p. 11.

²⁸⁷ Lee et al., pp. 46, 49.

²⁸⁸ Lee et al., p. 52.

²⁸⁹ Descriptive signs can thus also be distinctive if certain graphical elements are attached that make the sign appear as a trademark.

²⁹⁰ Lee et al. p. 29; Neisser (1976); Balci et al. and Dunning (2006), p. 613.

²⁹¹ Neisser (1976); Enns and Austen (2007); Pieters and Wedel (2007).

²⁹² Scene and image perception is genetically much older than reading and semantic meaning perception with the consequence that the perception of non-lexical elements is easier and quicker: Pieters and Wedel (2004), pp. 36, 39; Tushnet (2008), p. 529. See with regard to consumer’s responses to advertising: Scott (1994), p. 464.

²⁹³ Lee et al. (2009), p. 32.

consumers. Thus, the assumptions of the CJEU regarding trademark perception are incorrect; the same conclusion applies to the current registration practices that examine trademarks on absolute grounds on the basis of the EU trademark law. Consumers are definitely able to recognise descriptive and non-traditional signs as identifiers of commercial source. The incorrect assumptions of the CJEU regarding consumer perception also apply to descriptive signs based on normative purposes rather than on empirical data. However, the consequence of this normative approach is that the threshold for acquiring distinctiveness does not really protect the public domain: trademark owners can in practice teach consumers to perceive any sign if the sign is used in a typical trademark-use context.²⁹⁴ This means that we need a more normative test. In the next chapter I argue that the existing balancing tools are not sufficient to dispel these concerns regarding the threshold for acquiring distinctiveness.

3.4 Are the Existing Balancing Tools within the EU Trademark Law System Sufficient?

3.4.1 Utilitarian and Aesthetic Functionality

An important instrument within EU trademark law for preserving the functional characteristics of goods in the public domain are shape exclusions. In general, similar rules apply to shapes so that these signs too must distinguish the goods of one undertaking from other undertakings. However, with regard to shapes, additional requirements apply. Shapes cannot be registered, even if the sign has acquired distinctiveness through use in trade, if they exclusively consist of a shape that results from the nature of the goods, is necessary to obtain a technical result, or gives substantial value to the goods.²⁹⁵ In the *Philips/Remington* Case the CJEU has explained the rationales of the refusal grounds of Art. 3(1)(e) TMD [Art. 4(1)(e) TMD 2015]:

The rationale of the grounds for refusal of registration laid down in Article 3(1)(e) of the Directive is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors. Article 3(1)(e) is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in

²⁹⁴ Exclusive rights on descriptive, cultural and non-traditional signs give trademark owners unfair economic advantages on the sign as such, which is something that should be avoided. As the analysis shows, consumers are also able to recognise such signs as a trademark, as long as trademark owners invest enough in marketing campaigns educating consumers to perceive these signs as a source identifier. If we really want to prevent trademark owners from generating unfair economic advantage from a sign as such, we should exclude these signs from protection from the very beginning. If signs cannot acquire distinctiveness through use in trade, competitors will also not invest heavily in these signs, and consumers would not be confused.

²⁹⁵ Article 3(1)(e)(i)-(iii) TMD [Art. 4(1)(e)(i)-(iii) TMD 2015] and Art. 7(1)(e)(i)-(iii) CTMR [Art. 7(1)(e)(i)-(iii) EUTMR].

competition with the proprietor of the trade mark.²⁹⁶

In addition to preventing a monopoly on technical solutions or the functional characteristics of a product, this provision aims to prevent the extension via trademark protection of other rights that the EU legislature has sought to limit in time.²⁹⁷

In several cases, the refusal grounds of shapes were substantially broadened. Most shape marks need to acquire distinctiveness through use in trade, which is a particularly substantial hurdle for Community trademarks, because the acquisition of distinctiveness needs to be shown for all EU Member States.²⁹⁸ In addition, if the shape significantly departs from the norm or customs of the sector, protection may be refused because the trademark consists exclusively of a shape that gives substantial value to the goods. Furthermore, with regard to functional signs (Art. 3(1)(e)(ii) TMD) [Art. 4(1)(e)(ii) TMD 2015] the CJEU argues that the fact that there are other shapes that could achieve the same technical result cannot overcome the refusal ground.²⁹⁹ This results in more shapes being affected by this refusal ground.

Furthermore, the CJEU has ruled that even if an attractive shape has acquired distinctiveness through use in trade and its attractiveness is attributed to the reputation and recognition of the trademark and not to the aesthetic appearance of the product, the shape can still not be registered because of Art. 3(1)(e)(iii) TMD [Art. 4(1)(e)(iii) TMD 2015].³⁰⁰ Trademark owners can therefore not overrule the substantial value criterion by educating consumers in perceiving their signs as a badge of origin. Furthermore, in the *Bang & Olufsen* Case the General Court has further extended the substantial value exception. Under Benelux law³⁰¹ the chosen shape could not be protected as a trademark if the attractiveness value is of major importance in view of the nature of the goods. For example, an attractive shape for chocolates may be registered because it does not have a real influence on the intrinsic value of

²⁹⁶ CJEU, judgment of June 18, 2002, Case C-299/99 (*Philips/Remington*), para. 78.

²⁹⁷ CJEU, judgment of September 14, 2010, Case C-48/09 P (*Lego Juris/BHIM*), para. 45. Nevertheless, a sign that consists exclusively of the shape of the product where that sign enjoys protection under the law relating to designs, or where it consists exclusively of the shape of a decorative item is not systematically excluded from trademark protection. The refusal ground can only be applied when objective and reliable evidence show that the consumer's decision to purchase the product in question is based to a very large extent on one or more characteristics of the shape in question (CJEU, judgment of April 23, 2020, Case C-237/19 (*Gömböc*), paras. 59, 62).

²⁹⁸ In the *Lindt* Case the CJEU nevertheless ruled as follows: "As for the appellant's argument that since the Community trade mark has a unitary character, the assessment of acquisition by a mark of distinctive character through use cannot be based on individual national markets, it should be noted that, even if it is true, in accordance with the case-law recalled at paragraph 60 of this judgment that the acquisition by a mark of distinctive character through use must be proved for the part of the European Union in which that mark did not, *ab initio*, have such character, it would be unreasonable to require proof of such acquisition for each individual Member State." (CJEU, judgment May 24, 2012, Case C-98/11 P (*Chocoladefabriken Lindt & Sprüngli AG/OHIM*)).

²⁹⁹ CJEU, judgment of June 18, 2002, Case C-299/99 (*Philips/Remington*), para. 81; CJEU, judgment of September 14, 2010, Case C-48/09 P (*Lego Juris/BHIM*), para. 53.

³⁰⁰ CJEU, judgment of September 20, 2007, Case C-371/06 (*Benetton/G-Star*), para. 28.

³⁰¹ Leading cases were: Benelux Court of Justice, judgment of April 14, 1989, *NJ* 1989, 834 annotated by Wichers Hoeth, *BIE* 1989 at 329 annotated by Steinhäuser, *IER* 1998, 30 (*Burberry I*) and Benelux Court of Justice, judgment of December 16, 1991, *NJ* 1992, 596, annotated by Verkade (*Burberry II*).

the product.³⁰² However, in the *Bang & Olufsen* case regarding loudspeakers, the Court has ruled that the design is a crucial element in the consumer's choice even if the consumer also takes into account other characteristics of the goods in question. Thus, independently of other characteristics of the relevant goods, the shape for which registration was sought is considered to add substantial value to the goods concerned.³⁰³

The CJEU has made it even more difficult to register shapes following the *Stokke/Hauck* Case about the “Tripp Trapp” children’s chair.³⁰⁴ The CJEU had to explain two refusal grounds: the provision concerning signs that consist exclusively of the shape resulting from the nature of the goods themselves (Art. 3(1)(e)(i) TMD) [Art. 4(1)(e)(i) TMD 2015] and signs that give substantial value to the goods (Art. 3(1)(e)(iii) TMD) [Art. 4(1)(e)(iii) TMD 2015]. Both exclusion grounds have been interpreted broadly by the CJEU. According to the CJEU the first ground should not be interpreted as applying only to signs that consist exclusively of a shape that is indispensable to the function of the product in question. Rather it should be interpreted more broadly, so that it also applies to signs that consist exclusively of a shape with one or more characteristics that are essential to the function of that product and that consumers may look for in the products of competitors.³⁰⁵ Furthermore, only trade mark applications are valid which relate to the shape of goods in which another element, such as a decorative or imaginative element, that is not inherent to the generic function of the goods yet plays an essential role.³⁰⁶ For example, the grip of a toothbrush shaped as a fairy-tale character may not be refused under this ground.³⁰⁷ Since the “Tripp Trapp” chair does not contain any important decorative or imaginative elements but it does have essential functional characteristics, such as safety, comfort and reliability, the registration of this trademark will probably be refused.³⁰⁸

With regard to the substantial value criterion the CJEU has proceeded with the line of reasoning in the *Bang & Olufsen* Case. The CJEU has confirmed that if the shape of a product is regarded as adding substantial value to that product, it does not mean that other characteristics may not also give the product significant value. Otherwise the provision would apply only to products that have a solely artistic or ornamental value while the provision could not be evoked for goods that contain both aesthetic and functional elements, with the consequence that the proprietor of a trademark would still have the monopoly on essential characteristics of such products.³⁰⁹ The CJEU further argues that the presumed perception of

³⁰² Cohen Jehoram (2002), p. 53.

³⁰³ General Court of the European Union, judgment of October 6, 2011, Case T-508/08 (*Bang & Olufsen/OHIM*), paras. 73 and 76.

³⁰⁴ CJEU, judgment of September 18, 2014, Case C-205/13 (*Stokke/Hauck*).

³⁰⁵ CJEU, judgment of September 18, 2014, Case C-205/13 (*Stokke/Hauck*), para. 27.

³⁰⁶ CJEU, judgment of September 18, 2014, Case C-205/13 (*Stokke/Hauck*), para. 22 *See also* CJEU, judgment of September 14, 2010, Case C-48/09 P (*Lego Juris/BHIM*), paras. 68-70.

³⁰⁷ Opinion of Advocate General Szpunar of May 14, 2014, in Case C-205/13, para. 64.

³⁰⁸ The Dutch Supreme Court referred the *Stokke/Hauck* Case to the Court of Appeal of Amsterdam: Dutch Supreme Court, judgment of November 27, 2015, ECLI:NL:HR:2015:3394 (*Stokke/Hauck*). The final judgment is pending.

³⁰⁹ CJEU, judgment of September 18, 2014, Case C-205/13 (*Stokke/Hauck*), paras. 29-32. The refusal ground must be based on ‘an objective analysis, intended to demonstrate that the shape in question, on account of its characteristics, has such a great influence on the attractiveness of the product that restricting the benefit of the shape to a single undertaking would distort the conditions of competition on the market concerned.’ Therefore,

the sign by the average consumer is not a decisive element in assessing whether the shape adds value to the goods. This is in line with the other permanent refusal grounds, such as grounds of public policy or principles of morality and signs of high symbolic value, in which the perception of the consumer is also not leading.³¹⁰

In the *KitKat* Case the CJEU followed a stricter interpretation of the second refusal ground of Art. 3(1)(e) TMD [Art. 4(1)(e) TMD 2015]. The CJEU confirmed that signs consisting exclusively of the shape of goods that is necessary to obtain a technical result must be interpreted as referring only to the manner in which the goods in question function and does not apply to the manner in which the goods are manufactured.³¹¹ It also repeated that each of the refusal grounds listed in Art. 3(1)(e)(i-iii) TMD [Art. 4(1)(e)(i-iii) TMD 2015] must be applied independently of the others so that trademark protection cannot be refused by combining the grounds for refusal.³¹²

These aesthetic and functional refusal grounds seem to offer a sound safeguard for keeping shapes free from trademark protection. However, this does not eliminate all concerns regarding the threshold for the distinctiveness requirement. That the threshold for the distinctiveness requirement is unreliable has already been shown with regard to signs of cultural significance. It is true that EU trademark law provides for the possibility of an outright exclusion of official signs, signs of high symbolic value and religious signs.³¹³

objective and reliable evidence must show that ‘a consumer’s decision to purchase the goods in question is, to a very great extent, determined by one or more features of the shape which alone forms the sign.’ (CJEU, judgment of April 23, 2020, Case C-237/19 (*Gömböc*), paras. 40-41). A shape can also give a product a substantial value when the shape becomes the tangible symbol of a mathematical discovery (CJEU, judgment of April 23, 2020, Case C-237/19 (*Gömböc*), paras. 43).

³¹⁰ Furthermore, the Court has provided some criteria that have to be taken into account in assessing whether the shape adds substantial value to the goods: the presumed perception of the sign by the average consumer, the nature of the category of goods concerned, the artistic value of the shape in question, its dissimilarity from other shapes in common use on the market concerned, a substantial price difference in relation to similar products, and the development of a promotion strategy that focuses on accentuating the aesthetic characteristics of the product in question. CJEU, judgment of September 18, 2014, Case C-205/13 (*Stokke/Hauck*), paras. 33-35. The factor of dissimilarity from other shapes in common use on the market concerned might be particularly relevant when assessing whether a sign gives a substantial value to the trademark (CJEU, judgment of April 23, 2020, Case C-237/19 (*Gömböc*), paras. 44, 46).

³¹¹ CJEU, judgment of September 16, 2015, Case C-215/14 (*Société des Produits Nestlé SA/Cadbury UK Ltd*), para. 57.

³¹² CJEU, judgment of September 16, 2015, Case C-215/14 (*Société des Produits Nestlé SA/Cadbury UK Ltd*), para. 48. In the *Gömböc* case, the CJEU further argued that the assessment of whether a sign consists exclusively of the shape of goods that is necessary to obtain a technical result does not have to be restricted to the graphical representation of that sign. Information other than that relating to the graphic representation alone, such as the perception of the relevant public, could be used to establish the essential characteristics of the sign at stake. The identification of whether these characteristics also fulfil a technical function of the goods in question needs to be based on objective and reliable sources and may not include the perception of the relevant public (CJEU, judgment of April 23, 2020, Case C-237/19 (*Gömböc*), para. 37).

³¹³ An outright exclusion means that it cannot be overcome, even if the sign has acquired distinctiveness through use in trade. For example, functional shapes which are refused registration under Art. 3(1)(e) of the Trademark Directive [Art. 4(1)(e) TMD 2015] can never acquire a distinctive character for the purposes of Art. 3(3) [Art. 4(4) and (5) TMD 2015] by the use made of it (CJEU, judgment of June 18, 2002, Case C-299/99, *Philips/Remington*). See Arts. 3(1)(h), 3(2)(b),(c) and 3(1)(e) of the Trademark Directive [Art. 4(1)(h), 4(3)(b),

However, this outright exclusion cannot guarantee that traders will not remove cultural signs from the public domain. Several cultural signs without high symbolic value are not covered by this outright exclusion and can be registered. For example, the first notes of Beethoven's *Für Elise* were registered,³¹⁴ despite the objection of Advocate General Colomer

that a creation of the mind, which forms part of the universal cultural heritage, should be appropriated indefinitely by a person to be used on the market in order to distinguish the goods he produces or the services he provides with an exclusivity which not even its author's estate enjoys.³¹⁵

Moreover, the prohibition against the registration of signs that are considered immoral or a threat to public order is not easily applied by EU courts.³¹⁶ As a consequence, many cultural signs are registered as a trademark,³¹⁷ from the name and self-portrait of painter Rembrandt being used to indicate the origin of cheese and milk products to the self-portrait of the musician Mozart indicating the origin of roasted coffee products.³¹⁸

(c) and 4(1)(e) TMD 2015]. For example, van Woensel has argued for the necessity of adopting this optional requirement with regard to religious signs in The Netherlands (van Woensel 2007).

³¹⁴ Benelux registration 0551849 of October 7, 1994 (Shield Mark); expiration date: October 7, 2014.

³¹⁵ CJEU, judgment of November 27, 2003, Case C-283/01, *Shield Mark/Kist* and Opinion of Advocate General Colomer of April 3, 2003, in Case C-283/01, para. 52.

³¹⁶ Senftleben (2013b), p. 814.

³¹⁷ CTM 000934760, ARCHIMEDES; CTM 000032102, BEATRIX POTTER; CTM 001081314, BEETHOVEN; CTM 008560245, CHOPIN; CTM 001025386, WINSTON CHURCHILL; CTM 000531624, COLUMBUS; CTM 000945774, DESCARTES; CTM 001593128, EINSTEIN; CTM 003805942, GOETHE; CTM 001358621, VINCENT VAN GOGH; CTM 000071712, MICHELANGELO; CTM 005468996, MONA LISA; CTM 007088156, MONDRIAN; CTM 000021071, MOZART; CTM 000000662, NEWTON; CTM 001334036, PICASSO; CTM 000143115, PLATO; CTM 000215921, PYTHAGORAS; CTM 000186932, MARCO POLO; CTM 000119354, REMBRANDT; CTM 004278214, SHAKESPEARE; CTM 000047365, VERMEER, CTM 000996199, LEONARDO DA VINCI; CTM 004179198, WILLEM II. See also Dutch Supreme Court, judgment of March 5, 1999, Case no. 16812, C97/291, *Nederlandse Jurisprudentie* 2000, no. 306 (*Route 66 III*). In a case concerning the registration of a portrait photograph of the actress Marlene Dietrich, the German Federal Court of Justice invoked the requirement of distinctiveness to refuse trademark protection although this cultural sign can acquire distinctiveness through use in trade (German Federal Court of Justice, April 24, 2008, Case I ZB 21/06, *Marlene-Dietrich-Bildnis*, *Gewerblicher Rechtsschutz und Urheberrecht*, 1093, 2008). The German Federal Patent Court followed the same line of reasoning with regard to the registration of Leonardo da Vinci's *Mona Lisa* (German Federal Patent Court, November 25, 1997, Case 24 W (pat) 188/96, *Mona Lisa*, *Gewerblicher Rechtsschutz und Urheberrecht* 1021, 1023, 1998).

³¹⁸ The scope of protection against confusion, however, is probably narrower with regard to signs with high cultural significance. For example, in the case *Picasso/Picaro* the Court concluded that the relevant public inevitably sees in the sign *Picasso* a reference to the painter (CJEU, judgment of January 12, 2006, Case C-361/04 P). However, signs that are not well-known do not have such strong cultural connotations. This means that the scope of protection against confusion and dilution after establishing reputation will be broader, such as in the case of the sign 'Nike' that originally referred to the Greek goddess of Victory. Furthermore, trademark law can be used by the copyright-holder to perpetuate protection beyond the limited term of copyright. See for example Dutch District Court Haarlem, judgment of January 25, 1983, *Nederlandse Jurisprudentie* 1984, 121 (*Dik Trom*); Dutch Court of Appeal Amsterdam, judgment of July 26, 2001, *AMI* 2002, 1 (*Tarzan*); Dutch District Court Amsterdam, judgment 28, 2004, *AMI* 2005-2, 3 (*Standaard/Het Gele Teken c.s.*). Therefore, EU trademark law may create incentives to invest in cultural signs without high symbolic value, encourage a form of

However, reforms to the EU's trademark system³¹⁹ in which the exclusion provision for shape marks are broadened so that signs that consist exclusively of (i) a shape *or another characteristic* that results from the nature of the goods themselves; (ii) a shape *or another characteristic* of goods that is necessary to obtain a technical result; or, (iii) a shape *or another characteristic* that adds substantial value to the goods will be excluded from trademark protection may prevent the removal of abstract colours, cultural and descriptive signs from the public domain. Although this sounds promising, such a provision will not have far-reaching consequences. It is not for nothing that the functionality doctrine aims to prevent a monopoly on technical solutions or functional characteristics of products, such that only characteristics of the goods that are inherently connected to these goods will be excluded.

Thus, the wording “or another characteristic” can hardly be interpreted broadly, i.e. in such a way that these new refusal grounds would make it possible to not only exclude original shapes, but also colour marks, sound marks, figurative marks or word marks. And of course, if we accept that a shape is a characteristic of the goods (“a shape” or *another characteristic*), a colour can also be a characteristic of the goods, as in the case of the red sole of a pump or a yellow banana keeper.³²⁰ The Burberry tartan pattern, the three-stripe figurative marks owned by Adidas or the Nike swoosh could then also be viewed as a characteristic and add substantial value to the goods: a characteristic of Burberry raincoats is the tartan pattern inside the coats, a characteristic of the sports and leisure garments are the three vertical, parallel stripes of equal width that feature on the sides of sports and leisure garments in a colour that contrasts with the basic colour of those garments, and a characteristic of Nike shoes is the Nike swoosh attached to them. According to this line of reasoning even the word mark “Cotton” on a T-shirt could be a characteristic that results from the nature of the goods if it does not have other essential decorative elements.

However, this line of reasoning is incorrect. The rationale of the functionality doctrine is to prevent trade mark protection from granting a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors. Therefore, only characteristics that are inherently connected to the goods will be excluded. Thus, if the red sole of a pump, the shape of a loudspeaker or the sound of a motor bike is inherently connected to the goods in question, it can be marked as a characteristic of these goods. For example, although the requirement of graphical representation will be erased, the sound of the motorbike Harley Davidson could be refused because the sound may fall under “another characteristic” resulting from the nature of the goods themselves or necessary to obtain a technical result. Signs such as the Nike swoosh, the three stripes of Adidas, or the word mark “Apple” are not inherently connected to the goods and therefore do not fall under

free riding on the sign's positive cultural connotations, and ultimately result in unfair competitive advantages. See also Senftleben (2013b), p. 815.

³¹⁹ Council of the European Union, 8 June 2015, 2013/0088 (COD), Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community Trade Mark; Council of the European Union, 8 June 2015, 2013/0089 (COD), Proposal for a Directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks (Recast).

³²⁰ District Court of The Hague, judgment April 1, 2015, ECLI:NL:RBDHA:2015:3731 (*Christian Louboutin/Van Haren Schoenen*).

the functionality doctrine.³²¹ Furthermore, these signs are mainly intended to function as indicators of origin and not as decoration. Conversely, the Burberry tartan pattern or the stitches on a pair of jeans are both inherently connected to the goods and originally used not as an indicator of origin, but as decoration.³²² Therefore, the impact of this provision will be minimal under this interpretation.³²³

Furthermore, the strength of this safeguard depends on the height of the threshold for the substantial value requirement. It is unclear whether this requirement can easily be met. The CJEU has provided assessment criteria in the *Stokke/Hauck* Case, but no explanation of these criteria. For example, how important is the criterion regarding the nature of the category of goods concerned? A red sole might add substantial value to the goods, but the lilac colour of the Milka chocolate bar probably does not. Does a portrait of Rembrandt really add substantial value if it is attached to a bottle of wine or a set of paintbrushes? Furthermore, signs must consist exclusively of a shape or another characteristic of the goods, such that it is possible to register the grip of a toothbrush shaped as Mona Lisa. Service marks can also fall outside the scope of the provision; the provision mentions “goods” but not “services”. This means for example that the abstract colour magenta for the telecommunication services of the Deutsche Telekom can be registered. Furthermore, attractive music used in marketing campaigns will often be separated from the goods in question and therefore not excluded by this provision. In other words, under Art. 3(1)(e) TMD [Art. 4(1)(e) TMD 2015], the EU trademark legislation offers good possibilities to exclude signs, but the impact of this provision is not far-reaching enough to prevent the misappropriation of signs: many signs of cultural significance, colours, musical signs and descriptive signs cannot be permanently blocked under this provision.

3.4.2 Limitations on Descriptive Use

Another important instrument within EU trademark law for preserving descriptive use in the public domain are limitations on descriptive use. For example, a trademark owner is not allowed to prohibit a third party from using indications concerning the kind, quality or other characteristics of products in the course of trade.³²⁴ Other traders can even use indications of product characteristics as a trademark if the user of the descriptive sign is not found to be unfairly competing with the proprietor of the trademark.³²⁵ Furthermore, the general public and other competitors cannot be prohibited from using their own name or address in the course of trade,³²⁶ or where necessary indicating the intended purpose of a product or service, in particular with accessories or spare parts.³²⁷ However under these provisions the use of the sign is only justified if it is in accordance with honest commercial practices. This principle

³²¹ However, it cannot be excluded that such signs may also be seen as decoration in future since there is no big difference between these signs and the Burberry tartan pattern.

³²² See also Gielen (2014), p. 166.

³²³ Although it might thus have some impact with regard to surface decoration.

³²⁴ Article 6(1)(b) TMD [Art. 14(1)(b) and (2) TMD 2015] and Art. 12(b) CTMR [Art. 14(b) EUTMR].

³²⁵ CJEU, judgment January 7, 2004, Case C-100/02 (*Gerolsteiner Brunnen GmbH & Co*).

³²⁶ Article 6(1)(a) TMD [Art. 14(1)(a) and (2) TMD 2015] and Art. 12(a) CTMR [Art. 14(a) EUTMR].

³²⁷ Article 6(1)(c) TMD [Art. 14(1)(c) and (2) TMD 2015] and Art. 12(c) CTMR [Art. 14(c) EUTMR].

constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner.³²⁸ Further exceptions are the provision of exhaustion, which stipulates that a trademark owner is not entitled to prohibit the use of the mark in relation to goods that have been put on the market in the EU under that trademark by the proprietor or with his consent, unless there are legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.³²⁹ Furthermore, third parties can invoke a due cause defense to legalise the act of informing consumers about alternative offers in the marketplace.³³⁰ Besides, other traders are also allowed to use a trademark in permissible comparative advertising if the use fulfills all the conditions following from EU legislation concerning misleading and comparative advertising.³³¹

Although EU trademark law provides several counterbalances to keep descriptive and referential use freely available for other competitors on the market, it is questionable whether the counterbalances are sufficient to prevent the misappropriation of signs, especially with regard to the gradual expansion of trademark rights as protection against dilution and unfair free-riding.³³² Actually, trademark owners have far-reaching control over the use of the protected sign in unrelated contexts, while on the other hand the requirement of the availability of signs does not count as a relevant factor for determining whether the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or reputation of the trade mark.³³³ Furthermore, the requirement that the use of the trademark be in accordance with honest practices can lead to legal uncertainty. In the *Gerolsteiner Brunnen GmbH & Co* Case about mineral water, for instance, the CJEU has argued that circumstances such as the shape and labeling of the bottle to which the word mark is attached determine whether the use of a geographical name can be seen as unfairly competing with the trademark owner.³³⁴

Besides, even if Art. 6 TMD [Art. 14 TMD 2015] expresses the availability requirement, the availability requirement cannot in any circumstances constitute an independent restriction of the effects of the trade mark in addition to those expressly provided for in Art. 6(1) TMD [Art. 14(1) and (2) TMD 2015].³³⁵ For instance, a third party only has the right to use a particular indication according to Art. 6(1) TMD [Art. 14(1) and (2) TMD 2015] if the indication relates to one of the characteristics of the goods marketed or the service provided by that third party. If the sign provides no indication concerning one of the characteristics of those goods, third parties cannot invoke Art. 6(1) TMD [Art. 14(1) and (2) TMD 2015]. For example, in the *Opel/Autec* Case about the use of the Opel logo on toys the CJEU has decided that

³²⁸ CJEU, judgment February 23, 1999, Case C-63/97 (*BMW/Deenik*), para. 61.

³²⁹ Article 7 TMD [Art. 15 TMD 2015] and Art. 13 CTMR [Art. 15 EUTMR].

³³⁰ CJEU, judgment September 22, 2011, Case C-323/09 (*Interflora/Marks & Spencer*), para. 91.

³³¹ CJEU, judgment June 12, 2008, Case C-533/06 (*O2/Hutchison*), para. 45; CJEU, judgment June 18, 2009, Case C-487/07 (*L'Oréal/Bellure*), para. 54.

³³² Dinwoodie (2009), p. 152; Senftleben (2015).

³³³ CJEU, judgment April 10, 2008, Case C-102/07 (*adidas/Marca*), para. 43.

³³⁴ CJEU, judgment January 7, 2004, Case C-100/02 (*Gerolsteiner Brunnen GmbH & Co*), para. 26.

³³⁵ CJEU, judgment April 10, 2008, Case C-102/07 (*Adidas/Marca*), para. 47.

the Opel logo does not in any way indicate the kind, quality or other characteristics of the scale models. [...] However, the affixing of a sign which is identical to a trade mark registered, inter alia, in respect of motor vehicles to scale models of that make of vehicle in order to reproduce those vehicles faithfully is not intended to provide an indication as to a characteristic of those scale models, but is merely an element in the faithful reproduction of the original vehicles.³³⁶

A year later, the CJEU argued with regard to the stripes motif on sport garments:

In the present case, according to the decision making the reference and the observations submitted to the Court by the competitors of adidas, the latter rely on the purely decorative nature of the two-stripe motifs at issue to justify their use. It follows that the placing by those competitors of motifs with stripes on their garments is not intended to give an indication concerning one of the characteristics of those goods.³³⁷

The consequence is that other competitors on the market are not allowed to decorate their products with tartan patterns, red soles, lilac chocolate packaging or stripe motifs because these signs are not intended to give an indication concerning one of the characteristics of the goods. For example, a third party is also not justified in using the cultural sign “Rembrandt” for their painting materials because this cannot be classified as an indication concerning the quality of the product according to Art. 6(1)(b) TMD [Art. 14(1)(b) and (2) TMD 2015], while at the same time the trademark owner does profit from the connotation of high quality attached to this cultural sign.³³⁸ Although such signs already have several meanings and connotations, they cannot be used freely by third parties because of the rights of a trademark owner who has invested enough to let consumer perceive this particular sign as an indication of origin.

In other words, these limitations do not give other traders a full guarantee that they will be allowed to use descriptive and non-traditional signs, because the use of these signs must for example be in accordance with honest practices the outcome of which completely depends on the circumstances and the use of the sign must also fulfill the other requirements of Art. 6 TMD [Art. 14 TMD 2015], such as that the use is intended to give an indication concerning one of the characteristic of the goods. But even if third parties can invoke many limitations, and these limitations will be broadened in the EU trademark reform with the exception of referential use in general, we still do not know whether third parties can actually make use of their rights. A trademark registration of descriptive or non-traditional signs could have a deterrent effect on descriptive and referential use. Third parties may decide in advance

³³⁶ CJEU, judgment January 25, 2007, C-48/05 (*Opel/Autec*), paras. 41 and 44.

³³⁷ CJEU, judgment April 10, 2008, Case C-102/07 (*Adidas/Marca*), para. 48.

³³⁸ Nevertheless, recital 27 TMD 2015 (recital 21 EUTMR) might offer some room for a broader interpretation of the trademark limitation since it stipulates that ‘this Directive should be applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression’. However, a cultural sign must also be used fairly and in accordance with honest practices in industrial and commercial matters. If the use of a cultural sign falls under a broader interpretation of the trademark limitations, the competitor also has to prove that their use is honest, which is more difficult when the trademark is highly well-known.

to use another sign to avoid a costly legal procedure, especially if a trademark owner follows an aggressive enforcement strategy. For example, in the *Kinder* Case, third parties had to litigate to the highest German Court in order to be able to use a descriptive sign in relation to their goods and services, a fact which illustrates that third parties do not necessarily have the right to use this descriptive sign.³³⁹ Therefore, it cannot be said that these limitations fully prevent the misappropriation of signs.

3.5 Conclusion

This chapter thus shows that we need a far more normative test. The reforms of the EU legal system and the broader interpretation of the shape exclusions by the CJEU are all very welcome, but they are not enough. In view of the situation with regard to suggestive, arbitrary, and fanciful marks, we most certainly need a more normative approach to descriptive, cultural, generic and non-distinctive signs. This chapter also shows that the assumptions of the CJEU regarding trademark perception do not reflect what we know of consumer perception on the basis of scientific and medical research. Consumers are definitely able to recognise descriptive and non-traditional signs as an identifier of commercial source. The incorrect assumptions of the CJEU regarding consumer perception are in fact based on normative purposes. Actually, the CJEU prefers to treat descriptive and non-traditional signs differently not because consumers are not “in the habit” of perceiving such signs as a badge of origin, but because the CJEU really wants to keep these signs in the public domain due to a public interest in not unduly restricting the availability of these signs for the other traders on the market. However, these attempts by the CJEU to keep certain signs free from trademark protection may encourage trademark owners to monopolise signs and could paradoxically be held responsible for creating dysfunctional incentives. Whereas the CJEU may believe that the threshold of the possibility of acquiring distinctiveness through use in trade is high enough to have a deterrent effect on traders, it may well be that this possibility of acquiring distinctiveness through use in trade makes it attractive for traders to invest in these particular signs, especially if an increasing number of traders succeed in linking in the minds of consumers a descriptive sign, specific shape or colour with their enterprise as the origin of goods or services. The reward for these marketing efforts is worthwhile: they will achieve exclusive rights on a sign that represents a positive attribute of a good and thereby obtain an unfair economic advantage because consumers easily understand what the trademark stands for, and the availability of these signs for other traders on the market is not unlimited. In other words: the distinctiveness requirement is unpredictable and risky. Trademark owners can influence whether these signs acquire distinctiveness and invest as needed until they acquire control of their preferred sign. We should therefore think about possible ways of restricting the space that trademark owners currently have to misappropriate descriptive, cultural and non-traditional signs, and reconsider whether it is desirable that these signs can acquire distinctiveness through use in trade. An outright exclusion of cultural signs without high symbolic value, descriptive signs and abstract colours that cannot be overcome through

³³⁹ German Federal Supreme Court, judgment of September 20, 2007, *GRUR* 2007, 1066, 1071, (*Kinder II*).

acquiring distinctiveness as a result of use in trade would in any case guarantee the preservation of these signs.

References

- Balcetis E, Dunning D (2006) See what you want to see: motivational influences on visual perception. *J Pers Soc Psychol* 91(4):612–625. doi:10.1037/0022-3514.91.4.612
- Bargh JA (1997) The automaticity of everyday life. In: Wyer RS (ed) *The automaticity of everyday life: advances in social cognition (Volume X)*. Lawrence Erlbaum Associates, Mahwah, pp 1–61
- Bargh JA (2014) Our unconscious mind. *Sci Am* 1:32–39
- Bechara A, Damasio AR (2005) The somatic marker hypothesis: a neural theory of economic decision. *Games Econ Behav* 52:336–372
- Bellizzi J, Crowley AE, Hasty RW (1983) The effects of color in store design. *J Retail* 59(1):21–45
- Berkowitz L, Knurek D (1969) Label-mediated hostility generalization. *J Pers Soc Psychol* 13(3):200–206
- Bornstein RF (1992) Subliminal mere exposure effects. In: Bornstein RF, Pittman TS (eds) *Perception without awareness: cognitive, clinical, and social perspectives*. The Guilford Press, New York, pp 191–210
- Boyle J (eds) (2003) The public domain. *Law Contemp Probl* 66(1):1–483.
<http://scholarship.law.duke.edu/lcp/vol66/iss1/>. Accessed 12 February 2016
- Boynton RM, Dolensky S (1979) On knowing books by their colors. *Percept Mot Skills* 48:479–488
- Bradford LR (2008) Emotion, dilution and the trade mark consumer. *Berkeley Technol Law J* 23(4):1227–1298
- Burgunder LB (1985) An economic approach to trademark genericism. *Am Bus Law J* 23:391–416
- Cacioppo J et al (1992) Rudimentary determinants of attitudes: classical conditioning is more effective when prior knowledge about the attitude stimulus is low than high. *J Exp Soc Psychol* 28:207–233
- Casiday R, Frey R (2000) I have seen the light! Vision and light-induces molecular changes. Spectroscopy and quantum chemistry experiment.
http://www.chemistry.wustl.edu/*edudev/LabTutorials/Vision/Vision.html. Accessed 12 February 2016
- Cohen Jehoram T (2002) The shape which gives substantial value to the goods. Benelux law becomes European law—but to what extent? In: Schaper T, Broek BJ van den (eds) *Allied and in friendship: for Teartse Schaper*. Kluwer, Deventer, pp 51–60
- Cohen Jehoram T, van Nispen CJC, Huydecoper JLRA (2010) *European Trademark Law. Community trademark law and harmonized national trademark law*. Kluwer International, Alphen aan den Rijn
- Collins AM, Lotus EF (1975) A spreading activation theory of semantic processing. *Psychol Rev* 82(6):407–428
- Damasio AR (1994) *Descartes' Error: emotion, reason, and the human brain*. Avon Books, New York
- Davidoff JB (1991) *Cognition through Color*. MIT Press, Cambridge
- Davis J (2005) Locating the average consumer: his judicial origins, intellectual influences and current role in European Trade Mark Law. *Intell Prop Q* 2:183–203
- Davis J (2015) Revisiting the average consumer: an uncertain presence in European trademark law. *Intell Prop Q* 1:15–30
- Desai DR (2012) From trade marks to brands. *Florida Law Review* 64:981–1044

- Dijksterhuis A (2010) Het slimme onbewuste. Denken met gevoel. Bert Bakker, Amsterdam
- Dinwoodie GB (2009) Lewis & Clark Law School Ninth Distinguished IP Lecture: developing defenses in trademark law. *Lewis Clark Law Rev* 13(1):99–153
- Economides NS (1988) The economics of trademarks. *Trademark Report* 78:523–539
- Enns JT, Austen E (2007) Mental schemata and the limits of perception. In: Peterson MA, Gillam B, Sedgwick HA (eds) *In the mind's eye. Julian Hochberg on the perception of pictures, films, and the world*. Oxford University Press, New York, pp 439–448
- Folsom RH, Teply LL (1980) Trademarked generic words. *Trademark Report* 70:206–242
- Gangjee DS (2013) Property in brands. *LSE Work Papers* 8:1–27.
<http://www.lse.ac.uk/collections/law/wps/wps.htm>. Accessed 12 February 2016
- Garbarino EC, Edell JA (1997) Cognitive effort, affect, and choice. *J Consum Res* 24:147–158
- Gielen Ch (2014) Substantial value rule: how it came into being and why it should be abolished. *Eur Intell Prop Rev* 3:164–169
- Gorn GJ (1982) The effects of music in advertising on choice behavior: a classical conditioning approach. *J Market* 46(1):94–101
- Grossman RP, Wisenblit JZ (1999) What we know about consumers' color choices. *J Market Pract* 5(3):78–88
- Guibault LMC, Hugenholtz PB (eds) (2006) *The future of the public domain—identifying the commons in information law*. Kluwer Law International, Alphen aan den Rijn
- Hoeken H (2008) *Het ontwerp van overtuigende teksten. Wat onderzoek leert over de opzet van effectieve reclame en voorlichting*. Uitgeverij Coutinho, Bussum
- Jacoby J (2001) The psychological foundations of trademark law: secondary meaning, genericism, fame, confusion and dilution. *Trademark Report* 91:1013–1071
- Jones OD, Goldsmith TH (2005) Law and behavioral biology. *Columbia Law Rev* 105:405–502
- Kabel JJC (2005) *Rechter en publieksopvattingen: feit, fictie of ervaring? Over de beoordeling door de rechter van commerciële communicatie*. Otto Cramwinkel Uitgever, Amsterdam
- Keller KL (1993) Conceptualizing, measuring, and managing customer-based brand equity. *J Market* 57(1):1–22
- Kreitler H, Kreitler S (1972) *Psychology of the arts*. Duke University Press, Durham
- Kunst-Wilson W, Zajonc RB (1980) Affective discrimination of stimuli that cannot be recognized. *Science* 207:557–558
- Kuykendall D, Keating J (1990) Altering thoughts and judgments through repeated association. *Br J Soc Psychol* 29(1):79–86
- Lakoff G (2008) *The political mind. A cognitive scientist's guide to your brain and its politics*. Viking Penguin, New York
- Landes WM, Posner RA (1988) The economics of trademark law. *Trademark Report* 78:267–306
- Lee TR, DeRosia ED, Christensen GL (2009) An empirical and consumer psychology analysis trademark distinctiveness. http://works.bepress.com/thomas_lee/3/. Accessed 12 February 2016
- Mayor M et al (2009) *Longman Dictionary of Contemporary English*. Pearson Education Limited, Harlow
- McKenna MP (2007) The normative foundations of trademark law. *Notre Dame Law Rev* 82(5):1839–1916
- Moreland RL, Beach SR (1992) Exposure effects in the classroom: the development of affinity among students. *J Exp Soc Psychol* 28:255–276
- Morrin M, Jacoby J (2000) Trademark dilution: empirical measures for an elusive concept. *J Publ Policy Market* 19(2):265–276

- Neisser U (1976) *Cognition and reality: principles and implications of cognitive psychology*. WH Freeman and Company, San Francisco
- Novemsky N et al (2007) Preference fluency in choice. *J Mark Res* 44:347–356
- Perloff RM (2003) *The dynamics of persuasion: communication and attitudes in the 21st century*. Lawrence Erlbaum Associates, Mahwah
- Petty RE, Cacioppo JT (1986) *Communication and persuasion. Central and peripheral routes to attitude change*. Springer, New York
- Petty RE et al (2004) The elaboration likelihood model of persuasion. In: Seiter JS, Gass RH (eds) *Perspectives on persuasion, social influence, and compliance gaining*. Pearson/Allyn and Bacon, Boston, pp 65–89
- Petty RE, Briñol P, Priester JR (2009) Mass media attitude change: Implications of the Elaboration Likelihood Model of persuasion. In: Bryant J, Oliver MB (eds) *Media effects: advances in theory and research*. Routledge, New York, pp 125–164
- Pieters R, Wedel M (2004) Attention capture and transfer in advertising: brand, pictorial and text-size effects. *J Mark* 68:36–50
- Pieters R, Wedel M (2007) Goal control of attention to advertising: the Yarus implication. *J Consum Res* 34(2):224–233
- Pinker S (1997) *How the mind works*. W.W. Norton & Company, New York/London
- Pol B, Swankhuisen C, van Vendeloo P (2007) Nieuwe aanpak in overheidscommunicatie. Mythen, misverstanden en mogelijkheden. Coutinho, Bussum
- Purcell NAJ (2003) Kleurmerken: ja, maar... Beschouwing van HvJ EG 6 mei 2003 (IER 2003, 50 m.nt. ChG, Libertel/BMB). *Intellectuele Eigendom en Reclamerecht* 6:335–346
- Quaadvlieg AA (1987) Auteursrecht op techniek. De auteursrechtelijke bescherming van het technisch aspect van industriële vormgeving en computerprogrammatuur. WEJ Tjeenk Willink, Zwolle
- Ramsey LP (2003) Descriptive trademarks and the first amendment. *Tennessee Law Review* 70:1095–1176
- Reber R, Schwarz N, Winkielman P (2004) Processing fluency and aesthetic pleasure: Is beauty in the perceiver's processing experience? *Personal Soc Psychol Rev* 8(4):364–382
- Richardson M (2004) Trade marks and language. *Syd Law Rev* 26:193–220
- Salzberger EM (2006) Economic analysis of the public domain. In: Guibault LMCR, Hugenholtz PB (eds) *The future of the public domain—identifying the commons in information law*. Kluwer Law International, Alphen aan den Rijn, pp 27–58
- Samuelson P (2006) Enriching discourse on public domains. *Duke Law J* 55:783–834
- Schwarz H (1968) *Alles over kleur*. Uitgeverij Canteleer, De Bilt
- Schwarz N (2002) Feelings as information: mood influence judgments and processing strategies. In: Gilovich T, Griffin D, Kahneman D (eds) *Heuristics and biases: the psychology of intuitive judgment*. Cambridge University Press, Cambridge, pp 534–547
- Scott LM (1994) The bridge from text to mind: adapting reader-response theory to consumer research. *J Consum Res* 21:461–480
- Senftleben MRF (ed) (2012) Study on misappropriation of signs. WIPO Document CDIP/9/INF/5. http://www.wipo.int/edocs/mdocs/mdocs/en/cdip_9/cdip_9_inf_5.pdf. Accessed 12 February 2016
- Senftleben MRF (2013a) Adapting EU Trade Mark Law to new technologies—back to basics? In: Geiger C (ed) *Constructing European intellectual property: achievements and new perspectives*. Edward Elgar Publishing, Cheltenham/Northampton, pp 137–176
- Senftleben MRF (2013b) Public domain preservation in EU trademark law—a model for other regions? *Trademark Report* 103:775–827

- Senftleben MRF (2015) Free signs and free use—how to offer room for freedom of expression within the trademark system. In: Geiger C (ed) *Research handbook on human rights and intellectual property*. Edward Elgar Publishing, Cheltenham, pp 354–376
- Senftleben MRF, Anemaet L (2013) Windsurfing Chiemsee revisited—Op weg naar een normatieve toets bij inburgering? *Berichten Industriële Eigendom* 7(8):245–253
- Siple P, Springer RM (1983) Memory and preference for the colors of objects. *Percept Psychophys* 34(4):363–370
- Slovic P (2004) What's fear got to do with it? It's affect we need to worry about. *Missouri Law Rev* 69(4):971–990
- Slovic P et al (2002) Rational Actors or rational fools: implications of the affect heuristic for Behavioral economics. *J Soc Eco* 31:329–342
- Slovic P et al (2007) The affect heuristic. *Eur J Oper Res* 177:1333–1352
- Song H, Schwarz N (2009) If it's difficult to pronounce, it must be risky: fluency, familiarity, and risk perception. *Psychol Sci* 20(2):135–138
- Spoor JH (1990) *De gestage groei van merk, werk en uitvinding*. WEJ Tjeenk Willink, Zwolle
- Staats A, Staats C (1958) Attitudes established by classical conditioning. *J Abnorm Soc Psychol* 57:37–40
- Staats A, Staats K, Crawford H (1962) First-order conditioning of meaning and the parallel conditioning of GSR. *J Gen Psychol* 67:159–167
- Stuart EW, Shimp TA, Engle RW (1987) Classical conditioning of consumer attitudes: Four experiments in an advertising context. *J Consum Res* 14(3):334–349
- Swann JB (2002) Dilution redefined for the year 2002. *Trademark Report* 92:585–625
- Tushnet R (2008) Gone in sixty milliseconds: trademark law and cognitive. *Tex L Rev* 86:507–568
- van Woensel C (2007) *Merk, god en verbod*. deLex, Amstelveen
- van Horen F (2010) Breaking the mould on copycats: What makes product imitation strategies successful? CentER, Tilburg
- van Horen F, Stapel DA, Pieters R (2006–2007) Over het belang van vormen in de waarneming van merken. *BMM Bull* 4(32):166–170
- Visser DJG (2011) Darfurnica: modellenrecht versus kunstvrijheid. *Nederlands Juristenblad* 12:740–742
- Wilf S (1999) Who authors trademarks? *Cardozo Arts Entertain* 17:1–46
- Zajonc RB (1968) Attitudinal effects of mere exposure. *J Pers Soc Psychol* 9(2):1–27
- Zajonc RB (1980) Feeling and thinking: preferences need no inferences. *Am Psychol* 35(2):151–175
- Zanna M, Kiesler C, Pilkonis P (1970) Positive and negative attitudinal affect established by classical conditioning. *J Pers Soc Psychol* 14(4):321–328

4 The Many Faces of the Average Consumer: Is It Really So Difficult to Assess Whether Two Stripes Are Similar to Three?

This chapter shows the necessity of including policy concerns, in particular the need to keep signs available for competitors, when assessing a likelihood of confusion. In the *Adidas/Marca* case, the CJEU ruled that the need to keep signs freely available for other economic operators cannot be a relevant factor in the infringement analysis. This is particularly problematic in relation to appealing signs such as stripe motifs. These signs not only serve as a source identifier, but also appeal to consumers and therefore give trademark owners an advantage over competitors on the market. In order to offer sufficient room for the concerns of trademark owners and competitors (and ultimately also consumers), it is essential to apply normative corrections not only in favour of trademark owners but also in favour of competitors. The current confusion analysis in EU trademark law already contains a normative correction in favour of trademark owners. From an empirical perspective, the more distinctive the trademark, the less likely consumers are to be confused when confronted with a similar sign. The CJEU, however, assumes that consumers are more likely to be confused when confronted with signs that are similar to a highly distinctive trademark. In a trademark system where this normative correction is possible in favour of trademark owners, similar steps should be taken to give sufficient weight to the interests of competitors. In this light, this chapter concludes that the *Adidas/Marca* decision should be overruled.

Keywords Likelihood of confusion · Consumer perception · Court of Justice of the European Union · Need to keep free

4.1 Introduction

Do national courts – in line with CJEU jurisprudence – assess a likelihood of confusion only factually (empirical approach focusing on consumer perception), or do they leave room for assumptions on how consumers ought to behave in the marketplace (normative approach)?³⁴⁰ The branded goods industry has the capacity to invest in expensive marketing campaigns to educate consumers to perceive a sign as a source identifier. This industry can also invest in expensive empirical studies to demonstrate a distinctive character and a likelihood of confusion.

One might therefore expect that over-reliance on empirical findings in the likelihood-of-confusion assessment serves the interests of trademark proprietors. Teaching consumers in

* This chapter is based on: Anemaet, L (2020) The Many Faces of the Average Consumer: Is It Really So Difficult to Assess Whether Two Stripes Are Similar to Three? IIC 51:187–213. <https://doi.org/10.1007/s40319-020-00907-0>.

³⁴⁰ Dinwoodie and Gangjee (2016), p. 345. For example, the CJEU's assumption that consumers are not in the habit of perceiving colours and shapes as trademarks is in fact a normative correction of the factual circumstances. See, for example, CJEU, judgment of 12 February 2004, case C-218/01 (*Henkel*), para 49; CJEU, judgment of 7 October 2004, case C-136/02 P (*Mag Instrument/BHIM*), para 31; CJEU, judgment of 12 January 2006, case C-173/04 P (*Deutsche SiSi-Werke/BHIM*), para 31; CJEU, judgment of 6 May 2003, case C-104/01 (*Libertel*); CJEU, judgment of 24 June 2004, case C-49/02 (*Heidelberger Bauchemie GmbH*), para 39.

advertising to recognise a specific sign as a trademark, they can shape consumer perception in accordance with their desired scope of trademark protection. With an empirical approach, the trademark system seems at risk of becoming a self-servicing mechanism for the branded goods industry.

Despite this risk, the CJEU held in the *Adidas/Marca* case that the consumer's perception should be decisive for the outcome of the infringement analysis; the Court was reluctant to introduce normative corrections of empirical findings, lend weight to the need to keep signs free in the confusion analysis and attach importance to the argument that competitors may also need freedom to use similar signs to decorate their products.³⁴¹

The rejection of the need to keep free as a normative impact factor in the infringement analysis could have serious consequences for competitors seeking to enter into meaningful competition with the trademark owner. After all, consumer protection is not the only goal of trademark law. The EU trademark system also seeks to ensure undistorted competition and market transparency, which means that in addition to protecting consumers against confusion, it is also supposed to create fair competition and guarantee the proper functioning of markets.

In light of the general debate about the gradual expansion of trademark rights,³⁴² the *Adidas/Marca* decision raises the question whether the likelihood-of-confusion assessment is still working properly. Is it appropriate to rely almost exclusively on empirical findings concerning the public's perception when assessing whether a likelihood of confusion exists? Or does the CJEU create dysfunctional incentives and encourage traders to invest in marketing and branding campaigns concerning design elements that should better be kept free for competitors?

This chapter shows that the *Adidas/Marca* decision is problematic. The CJEU's focus on consumer perception without normative corrections in the likelihood-of-confusion assessment is questionable. What the CJEU is actually protecting as a result of this jurisprudence is trademark owners' investments; the Court is less concerned with protecting consumers against confusion. It is time to reconsider the concept of likelihood of confusion: in the assessment, the likelihood-of-confusion question should only constitute one factor alongside other factors, such as the need to keep signs freely available for competitors on the market.

³⁴¹ CJEU, judgment of 10 April 2008, case C-102/07 (*Adidas/Marca*). The EU General Court recently ruled that Adidas' figurative mark representing three parallel stripes was invalid. Adidas' evidence of use of white stripes on black clothing could not be used to prove that the three-stripe mark had acquired distinctiveness through use in trade because Adidas had registered a logo with black stripes on a white background. The reverse of the colour scheme, in the General Court's view, could not be seen as an insignificant variation as compared to the registered form. This decision could open a more critical approach concerning a too broad protection mechanism of design elements in general, such as stripe motifs. Nevertheless, it remains to be seen whether the CJEU will also follow the General Court's strict interpretation. Furthermore, it cannot be said that brand owners such as Adidas lost power with regard to infringement proceedings. Of all Adidas cases, the *Adidas/Marca* case still holds true. A more critical approach towards the scope of protection of the three-stripe motif is therefore also desirable with regard to the infringement assessment. See: General Court, judgment of June 19, 2019, case T-307/17 (*Adidas/Shoe Branding*), paras 77-78.

³⁴² See, for example, Gangjee (2013); Senftleben (2013); Ramsey (2003), p. 1096; Wilf (1999), p. 17; McKenna (2007), pp. 1841, 1899.

This chapter therefore argues that if we believe trademark owners should not have a potentially unlimited monopoly on design elements, with far-reaching possibilities for protection, the CJEU should allow national courts to make normative corrections not only in favour of trademark owners but also in favour of competitors in the likelihood-of-confusion assessment.

I first give an overview of literature and case law demonstrating that trademark law is not only about protecting trademark owners but also about ensuring undistorted, fair and meaningful competition. I argue that the current infringement analysis in the confusion context is imbalanced since the CJEU has ruled in the *Adidas/Marca* case that no normative corrections should be made in favour of third parties' interests. In Section 3, I give an overview of literature that points out that the CJEU does offer broader protection against confusion in the case of highly distinctive marks, which is a normative correction in favour of trademark owners. Section 4 discusses national case law concerning the three-stripe motif of Adidas to illustrate that decisions were more balanced before than after the *Adidas/Marca* case. Section 5 concludes.

4.2 Balancing Between Preserving the Public Domain and Protecting Consumers Against Confusion

The reason to grant trademark owners an exclusive right is the belief that this form of market regulation ensures market transparency. In a transparent market, consumers can easily individualise different products and express their preference by selecting a specific product or service on the basis of trademarks. Signs that deceive consumers reduce the efficiency of the market because consumers inevitably purchase the wrong product. From an economic perspective, trademarks reduce search costs.³⁴³ Therefore, the primary purpose of trademark law is to indicate the commercial origin of goods and services offered in the marketplace:

In that context, the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.³⁴⁴

In order to fulfil this essential origin function, trademarks are protected against the use of identical or similar signs that are likely to cause confusion.³⁴⁵

³⁴³ Griffiths (2008), p. 246; Bone (2006), p. 555; Strasser (2000), pp. 379-382; Carter (1990), p. 762; Landes and Posner (2003), p. 166-168; Dogan and Lemley (2004), p. 786; McKenna (2007), p. 1844; Kur and Senftleben (2017), pp. 6-7; Economides (1998), p. 526.

³⁴⁴ CJEU, judgment of 12 November 2002, case C-206/01, paras 42, 48, 51 (*Arsenal/Reed*), para 48.

³⁴⁵ At the international level, the concept of likelihood of confusion is regulated by Art. 16(1) TRIPS Agreement.

However, to achieve undistorted competition, trademark protection must be balanced against other core values, such as free expression enhancing consumer information and consumer choice,³⁴⁶ and free competition preventing unnecessary market entry barriers. The recognition of a need to keep signs freely available offers competitors equal access to communication tools that can be used to inform consumers about product characteristics and compete for market shares.³⁴⁷

The fundamental principle of the need to keep free is reflected in several provisions in the Trade Mark Directive³⁴⁸ and the EU Trademark Regulation³⁴⁹ and recognised by the CJEU in several cases.³⁵⁰ For example, signs that fall under the grounds for refusal are excluded from trademark protection.³⁵¹ Furthermore, it must be shown that the use of the sign is made “in the course of trade” and “in relation to goods or services”. These protection requirements ensure that trademark rights do not affect social and cultural forms of use. The likelihood-of-confusion provision is directly related to the preservation of fair and undistorted competition.³⁵²

The trademark limitations also aim at a balance between trademark proprietor’s interests and free movement of goods and services within the internal market, and the competitor’s interests in using a sign for legitimate purposes in accordance with honest practices. For instance, third parties are allowed to use descriptive signs identical or similar to

³⁴⁶ Choice implies that consumers have access to more variety in terms of style, price, and content. If people had no choices, their life would be almost unbearable. Variety in products leads to an increase in autonomy, control, and liberation, and it improves people’s life. However, more choice is not always good for consumers. In some situations, consumers are more likely to purchase something if they have fewer choices. Too many choices may demotivate consumers and lead to an information overload. Consumers who maximise their options may suffer from choice overload. They set high standards for themselves and want to make the best choice. Because they cannot examine all options, they may have doubts about making the best choice. In the end, ‘maximisers’ are less happy with their choice because they were not able to consider all alternative products. See Szmigin and Piacentini (2015), pp. 107-108; Schwartz (2004).

³⁴⁷ Max Planck Institute (2011), p. 51; Phillips (2005), p. 392; Kur and Senftleben (2017), pp. 22-23; Senftleben et al. (2015); Sakulin (2011); Ramsey and Schovsbo (2013), p. 671; Simon Fhima (2013), p. 293; Burrell and Gangjee (2010), p. 544; Naser 2009, p. 188; McGeeveran (2008); AG Póiaras Maduro, Opinion of 22 September 2009, cases C-236/08-238/08 (*Google France and Google/Louis Vuitton et al.*), para 102: ‘whatever the protection afforded to innovation and investment, it is never absolute. It must always be balanced against other interests, in the same way as trade mark protection itself is balanced against them. I believe that the present cases call for such a balance as regards freedom of expression and freedom of commerce.’

³⁴⁸ Council Directive 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, 2015 O.J. L336/1.

³⁴⁹ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the EU trade mark, 2017 O.J. L154/1.

³⁵⁰ CJEU, judgment of 4 May 1999, cases C-108/97, C-109/97 (*Windsurfing Chiemsee*), para 26; CJEU, judgment 14 September 2010, case C-48/09 P, paras 56-57 (*Lego Juris/BHIM*); CJEU, judgment of 22 June 2006, case C-25/05 P (*August Storck/BHIM*), para 29; CJEU, judgment of 15 May 2014, case C-97/12 P (*Louis Vuitton/BHIM*); CJEU, judgment of 12 February 2004, case C-218/01 (*Henkel*), para 49; CJEU, judgment of 8 April 2003, cases C-53/01-C-55/01 (*Linde*), para 49; CJEU, judgment of 6 May 2003, case C-104/01 (*Libertel*), para 55.

³⁵¹ Article 4 TMD 2015 and Article 7 EU Trademark Regulation.

³⁵² Senftleben (2015). In addition, protecting trademarks with a reputation beyond likelihood of confusion, namely against unfair advantage being taken of their distinctive character and reputation is justified because, and insofar as, this contributes to the creation and preservation of a system of undistorted competition.

protected trademarks or their components, where the trademark proprietor's legitimate interests are not adversely affected.³⁵³

In principle, trademark law and free competition do not conflict with one another. On the one hand, trademarks provide information about the commercial source of goods or services and enable consumers to repeat satisfactory purchases. Trademark owners are stimulated to keep the quality of their goods or services high and to invest in their goods and services. Competitors can choose a different sign if they want to freely offer their goods and services on the market.³⁵⁴

However, in practice, competition can only be neutral if the appropriation of the sign as such does not grant trademark owners a competitive advantage from which third parties are excluded. This requirement is largely fulfilled with respect to (fantasy) word marks and other traditional forms of trademarks. These signs are often available in sufficient supply, such that third parties do not experience entrance barriers in competing with similar products and services.³⁵⁵

On the other hand, appealing signs, such as the three-stripe motif of Adidas, are not available in unlimited numbers. Exclusive trademark rights on three-stripe motifs may affect the availability of design elements on the market and generate obstacles to competition. Stripe motifs contribute to the style and appearance of a specific product (i.e. sports clothing) and therefore give trademark proprietors a competitive advantage from the sign as such.³⁵⁶

Trademark rights on appealing signs could hinder innovation and encourage standardisation.³⁵⁷ Competitors might be afraid of risking a legal procedure and as a result avoid using stripes on sports and leisure clothes altogether.³⁵⁸ In addition, a monopoly on appealing signs may also limit trademark owners' creativity and lead to standardisation.³⁵⁹ Brand owners have been obliged to use the same signs to keep the recognition level among consumers high. This could consequently lead to fewer investments in long-term product quality or developing new products.³⁶⁰ As long as non-distinctive signs can acquire distinctiveness through use in trade, trademark owners will invest in appealing signs which give them a competitive advantage.

Despite the fact that the principle of undistorted competition requires an evaluation of trademark issues in the light of all interests at stake, the CJEU explicitly expressed that the need for a sign to be freely available for competitors is not a relevant factor in the likelihood-of-confusion assessment. In the CJEU's view, such public-interest considerations are related

³⁵³ Senftleben (2015).

³⁵⁴ Max Planck Institute (2011), p. 52.

³⁵⁵ Max Planck Institute (2011), p. 52.

³⁵⁶ Max Planck Institute (2011), p. 52.

³⁵⁷ Calboli (2018).

³⁵⁸ See also Calboli (2018), p. 293. In the absence of other stripe motifs, consumers may believe that all stripe motifs belong to Adidas and are possibly confused when they are confronted with similar stripe motifs. The more national courts give space to empirical factors in the infringement analysis, the more trademark owners are willing to support confusion claims with consumer studies, which will confirm that consumers are indeed confused when confronted with a similar sign. See also Gibson (2007), pp. 907-908, 912, 916.

³⁵⁹ Calboli (2018).

³⁶⁰ Calboli, p. 288.

to certain grounds for refusal of registration³⁶¹ and the revocation of trademark rights,³⁶² but not to the likelihood-of-confusion assessment. Ultimately, the likelihood-of-confusion assessment must be based on the public's perception and, accordingly, on empirical findings concerning this perception. Hence, if consumers perceive signs as similar and are therefore confused, this should be decisive for the outcome of the case. This outcome should not be affected by the argument that competitors may need to use particular signs to decorate their products in order to enter into meaningful competition with the trademark owner.³⁶³

As pointed out above, however, trademark law is not only about protecting trademark owners but also about ensuring undistorted, fair and meaningful competition. Therefore, at all levels – including the infringement analysis – trademark owners' interests must be weighed against competitors' interests and the general consuming public. In light of this, it is remarkable that in the *Adidas/Marca* case, the CJEU explicitly refused to consider the need to keep protected signs available when determining the scope of protection. The current infringement analysis in the confusion context is therefore imbalanced. Without the option of making normative corrections in the confusion assessment, other core values, such as safeguarding freedom of competition and (commercial) freedom of expression, might become jeopardised.

4.3 Infringement Analysis in Confusion Cases: Imbalanced

It is established CJEU practice to offer broader protection against confusion in the case of highly distinctive marks. For this purpose, the CJEU assumes that “the more distinctive the earlier mark, the greater the likelihood of confusion”.³⁶⁴ This, however, is a normative correction in favour of trademark owners. When we study empirical findings,³⁶⁵ it becomes obvious that the opposite is true: the more distinctive the mark, the easier for consumers to identify even small deviations from the protected sign. Despite the heavy criticism aimed against it in legal literature, the CJEU has never reconsidered its statement that likelihood of confusion increases as marks become more distinctive.³⁶⁶ However, the volume of literature arguing that the CJEU's statement is wrong casts increasing doubt on the CJEU's assumptions concerning consumer perception.

For example, Annette Kur and Martin Senftleben pointed out that consumers are less likely to be confused when a third party uses a sign that is similar to a well-known trademark. A trademark that is well known to consumers is more likely to be remembered, and it is

³⁶¹ CJEU, judgment of 4 May 1999, case C-108/97, C-109/97 (*Windsurfing Chiemsee*), para 25; CJEU, judgment of 8 April 2003, cases C-53/01-C-55/01 (*Linde*), para 73; CJEU, judgment of 6 May 2003, case C-104/01 (*Libertel*), para 53.

³⁶² See CJEU, judgment of 27 April 2006, case C-145/05 (*Levi Strauss*), para 19.

³⁶³ CJEU, judgment of 10 April 2008, case C-102/07 (*Adidas/Marca*), para 30.

³⁶⁴ CJEU, judgment of 11 November 1997, case C-251/95 (*Puma/Sabel*), para 24; CJEU, judgment of 29 September 1998, case C-39/97 (*Canon v. Metro-Goldwyn-Mayer; Canon/Cannon*), para 18; CJEU, judgment of 22 June 1999; case C-342/97 (*Lloyd Schuhfabrik Meyer & Co. GmbH/Klijsen Handel BV*), paras 20, 28.

³⁶⁵ See for example: van Horen (2010), p. 133.

³⁶⁶ This guideline seems to count as a quasi-universal rule, or in the words of Kabel (2005), p. 21: ‘a rule of experience’.

therefore less likely that consumers will have an “imperfect recollection”³⁶⁷ when confronted with a similar trademark.³⁶⁸

Jeremy Phillips also argued that the CJEU ruling is in contradiction to reality. From an empirical perspective, it cannot be true that consumers are more likely to be confused the more distinctive a trademark is. The odds that consumers will not see the difference between one of the big market players like Coca-Cola and a similar sign is very low. In fact, consumers are far more likely to be confused and purchase the wrong product when it comes to less distinctive signs, such as “Eudermine” and “Eucerin” for body care products. The likelihood of confusion therefore decreases in proportion to how well-known the trademark is.³⁶⁹

According to Burrell and Gangjee, it is therefore necessary to rediscover the fundamental principles on which trademark protection rests. It must be judicially acknowledged that there are times when the trademark’s strength will reduce the risk of consumer confusion. In Burrell and Gangjee’s view, some cases still justify offering additional protection. They argue that the reputation of a mark like “Viagra” might make it more likely that consumers will assume “Herbagra” is a brand extension for a similar but not identical product.

Nevertheless, other types of cases exist where consumers are less likely to be confused. The authors point out that it would be more difficult for Nike to argue that the use of a brand like “Nice” for the retailing of sporting goods would be likely to cause confusion. According to Burrell and Gangjee, no reasonable consumer is going to believe that Nike has suddenly chosen to rebrand itself as “Nice”. Consumers will also not think that Starbucks has rebranded itself as “Charbucks” or that Louis Vuitton sells cheap toys for dogs under the “Chewy Vuiton” trademark.³⁷⁰ Brand owners would therefore undoubtedly have less success if judges assess the likelihood-of-confusion test empirically than if they follow an approach based on rules of experience stating that known marks must have a broader scope of protection.³⁷¹

Despite being more cautious, Tobias Cohen Jehoram, Constant van Nispen, and Tony Huydecoper nevertheless indicated that the CJEU ruling is perhaps incorrect when it comes to luxury and fashion articles. These products are usually bought by a “brand conscious” public

³⁶⁷ CJEU, judgment of 22 June 1999; case C-342/97 (*Lloyd Schuhfabrik Meyer & Co. GmbH/Kluisen Handel BV*), para 26.

³⁶⁸ Kur and Senftleben (2017), p. 326. See also Fhima and Denvir (2015), p. 330.

³⁶⁹ Philips (2003), p. 352. CJEU, judgment of 22 June 1999; case-342/97 (*Lloyd Schuhfabrik Meyer & Co. GmbH/Kluisen Handel BV*), Nederlandse Jurisprudentie 2000, 375, case comment D.W.F. Verkade, para. 6. See also Griffiths (2008), pp. 260-261; Raßmann (1997), p. 589; Seibt (2002), p. 470; Boes and Deutsch (1996), p. 168; Vierheilg (1982), p. 509; Zimmerli (1975), p. 138; David and Frick (2017), p. 250. See also OLG Düsseldorf, MuW 1912/XII, 259, *Palmona/Baumona*. See also the opinion of Advocate General Ruiz-Jarabo Colomer expressed in *Arsenal Football Club Plc v. Matthew Reed*, case C-206/01 [2002] E.T.M.R. 975, fn. 22: “The stronger the distinctive character of a sign, the less will be the likelihood of confusion. Registration of the name COCO-COLO for refreshments, and subsequent commercialisation of the goods, does not give rise to any confusion with the drinks distributed by COCA-COLA, given the distinctiveness, penetration and reputation of that trade mark.” See also the opinion of Jacob LJ in *Reed Executive v Reed Business Information* [2004] EWCA Civ. 159, [2004] RPC (40) 767, paras 78 and 83.

³⁷⁰ Burrell and Gangjee (2013).

³⁷¹ Kabel (2005), p. 23.

and this public will also note minor differences from that mark. However, Cohen Jehoram, van Nispen and Huydecoper argued that the legal theory of granting more protection to highly distinctive marks does follow practice, because the public does sooner associate with known marks than they do with unknown marks.

Although associations with known marks could sooner be characterised as taking unfair advantage of (or being detrimental to) the brand than that these associations cause direct or indirect confusion, the authors argue nevertheless that the matter of whether the allegedly infringing sign evokes associations with a known mark still plays a role in determining the scope of protection in confusion cases. In the authors' opinion, this shows that "the assessment of the likelihood of confusion is a legal test, not a factual test".

They argued that the use of the sign "Anti-Monopoly" for a game should therefore not only be forbidden because the third party's sign might take unfair advantage or be detrimental to the "Monopoly" brand (registered for games), but also because there is a likelihood of confusion, even if the majority of the public recognises that "Anti-Monopoly" competes with "Monopoly".³⁷²

Han, Nunes and Drèze indicated that some luxury products, particularly those at the high end of the product line, do not necessarily wear a clear and prominent brand. Less expensive, louder products are targeted to a different class of consumer than subtler, more expensive goods. With respect to this higher class of consumer, brand owners also develop subtle cues by which the consumer can identify the products even in the absence of an explicit logo or brand name. For example, a Porsche is a Porsche, with or without the emblem.³⁷³ The reputation of the trademark and the category of products, such as luxury, serve to make reasonable consumers less likely to be confused.

Gert Jan van de Kamp also suggested that from an empirical perspective, it could be argued that the CJEU ruling is probably incorrect. However, in his view, the perception of the public should be assessed normatively. Empirical findings should not be by definition decisive; rather, what is relevant is what consumers ought to perceive.³⁷⁴

Stefan Risthaus argued that because of the many associations evoked in the consumers' brain, consumers might be confused when a third party's sign displays fewer major differences and the product is only seen briefly. On the other hand, he also argued that slight differences between signs are more likely to be noticed because consumers remember the trademark so well. After all, an everyday clothing item is more likely to be confused with a similar item in a wardrobe than a fashionable design.³⁷⁵ Nevertheless, in Risthaus' view, the protection of trademark owners' investments in marketing and branding campaigns must override the empirical fact that consumers are perhaps less likely to be confused.³⁷⁶

³⁷² Cohen Jehoram et al. (2010), p. 285.

³⁷³ Han et al. (2010), p. 27.

³⁷⁴ van de Kamp (1999), p. 101. See for some older Dutch cases where the court ruled that the more known the trademark, the sooner the consumer will notice differences between signs: Court of Appeal of The Hague, judgment of 22 May 1933, confirmed by the Supreme Court, judgment of 11 July 1933, NJ 1933, p. 1702; BIE 1933, p. 102 (*Aspirin*); Court of Appeal of Leeuwarden, judgment of 17 April 1957, BIE 1959, No. 16 (*Vredestein*) and Court of Appeal of The Hague, judgment of 15 March 1967, BIE 1969, No. 102 (*Bayer*).

³⁷⁵ Risthaus (2007), p. 92.

³⁷⁶ However, the mere association that the public might make between two trademarks as a result of their analogous semantic content does not in itself provide sufficient grounds for concluding that there is a likelihood

Admittedly, information with strong associative links is more likely to be revoked when identifying and interpreting the incoming stimuli.³⁷⁷ For confusion between signs, there must be some familiarity with the trademark. If the trademark is not known, there will be no confusion.³⁷⁸

However, because of their strong associative network, famous trademarks are much better stored in memory than weak trademarks,³⁷⁹ such that differences between signs are more likely to be noticed.³⁸⁰ According to Femke van Horen, it's rather risky to imitate highly distinctive elements: not only because of the risk of legal proceedings, but because consumers might evaluate a similar product negatively because of the awareness of the insincere tactics used by the competitor:

Given that extreme standards are more likely to be used as a comparison standard than are moderate standards, it is also likely that contrast will emerge when an extreme leader brand (standard) is imitated (e.g., Coca-Cola). Imitation of an extreme leader brand will immediately bring a distinct image of the leader brand directly to mind, independent of comparison mode. When the imitated leader brand is moderate however (e.g., Elsève shampoo), a less distinct leader will be brought to mind. This implies that it would be more effective for copycats to imitate moderate standards (weaker brands), than extreme standards (stronger brands).³⁸¹

of confusion. The decisive factor is whether there is a risk of direct or indirect confusion among consumers. *See* CJEU, judgment of 11 November 1997, case C-251/95 (*Puma/Sabel*), para. 26. Trademarks with a reputation can nevertheless be protected when the signs simply call to mind the protected mark, i.e. whenever there is a link between the signs, but then we are speaking of goodwill protection, not of protecting the origin function of the trademark. (*See* Art. 10(2) TMD [2015] and Art. 9(2)(c) EUTMR. *See* CJEU, judgment of 23 October 2003, case C-408/01 (*Adidas/Fitnessworld*), para 29; judgment of 18 June 2009, case C-487/07 (*L'Oréal/Bellure*), para 36). Rather than being based on a test of likelihood of confusion, this excludes any use that takes or might take unfair advantage of, or is or would be detrimental to, the distinctive character or the reputation of a mark, such that these signs are protected against blurring, tarnishment and unfair free-riding (*See* CJEU, judgment of 18 June 2009, case C-487/07 (*L'Oréal/Bellure*), paras 34, 39-41).

³⁷⁷ van Horen (2010), p. 20. Jacoby (2001), p. 1035.

³⁷⁸ Jacoby (2001), pp. 1039-40: "Expectations and context can cause memory to do more than just 'filling in' missing gaps, including ignoring disconfirming information and even 'overwriting' stimuli." Lee et al. found that a brand extension by a competitor of the senior mark increased likelihood of confusion. For example, consumers are significantly more likely to be confused by the introduction of a "Cadillac" brand notebook computer if they were already exposed to a "Mercedes-Benz" brand entry into that market. Under these circumstances, more sophisticated consumers (for example consumers who were familiar with the mark) were more likely to be confused because they were better able to perform the cognitive processes necessary to make a connection between the two marks. *See* Lee, DeRosia, Christensen (2008), pp. 948-499.

³⁷⁹ *See* Szmigin and Piacentini (2015), pp. 136, 144-145, 178; Lee (2002), pp. 440-454.

³⁸⁰ In Kimberlee Weatherall's view, it is unlikely that consumers' memories are reflecting the hypothetical state of the EU consumer's mind. If a mark is famous, consumers' memory may be perfect (Weatherall (2017), p. 75; fn. 113). Furthermore, according to Oneto and Sundie, counterfeit products may have limited social value, since those in the know (the wealthier consumers: parvenus and patricians) are likely to perceive counterfeit goods to be of inferior quality and judge counterfeit consumers accordingly. However, the quality of counterfeit products has increased greatly and the sophistication needed to distinguish counterfeit from original products has increased. *See* Szmigin and Piacentini, p. 192; Oneto and Sundie (2006); Han, Nunes, Drèze (2010), pp. 15-30; Gentry et al. (2006), p. 254.

³⁸¹ van Horen (2010), p. 133.

Foxman et al. also pointed out that consumers are more easily confused when the consumer's familiarity, experience and involvement with the product were low.³⁸² In an experiment, consumers were asked which of their particular products were related to the original brand. Two brands were investigated: the decongestant brand, which was a regionally distributed dealer brand and which was not very well known, and the ramen noodle soup brand, which was a nationally distributed manufacturing brand. More incorrect answers were given with respect to the less known decongestant brand.

Furthermore, consumer perception depends on the consumers' goals. Attention is necessary to achieve a particular goal. Depending on the goal, some information will be processed and other information not. Attention will be afforded to information that is important for the consumer's decision process. If the consumer has a specific purpose in mind, his or her attention will not only be selective but in addition, only specific associations that are related to this purpose will be evoked from memory. Depending on the consumer's goal, attention will be focused on the particular aspect of the product representing this goal and associations will be made accessible that fit in with this goal. If the consumers' goal is to buy a branded product, for instance Adidas clothing because of their fashionable stripe motif, the three-stripe-motif will be easily recalled from memory. At the moment that the three-stripe-motif is important to the consumer, the stripe motif will draw the consumer's attention and be noticed. The consumer will be highly involved and the information surrounding the stripe motif will be processed properly.³⁸³

The CJEU ruling that states that the more distinctive the trademark, the greater the likelihood of confusion, is thus doubtful. The more distinctive the trademark, the better the trademark is stored in memory. Consumers are more likely to notice differences between distinctive elements than non-distinctive elements. The underlying idea of granting broader protection to known marks is that brand owners would otherwise be penalised because consumers are likely to know every single detail of the brand:

Hinter dem fingierten Einfluss der Kennzeichnungskraft auf die Verwechslungsgefahr steht folglich gerade nicht der Schutz des Verbrauchers vor tatsächlichen Verwechslungsgefahren. Vielmehr liegt diesem Prinzip der Gedanke des Leistungsschutzes zu Grunde. Der Markeninhaber soll durch die Gewährung eines größeren Schutzzumfangs für die unternehmerische Leistung belohnt werden, die in der Auswahl einer von Haus aus besonders unterscheidungskräftigen Marke oder im kosten- und benutzungsintensiven Ausbau einer „normalen“ Marke zu einer kennzeichnungsstarken Marke verkörpert ist. [...] Der *EuGH* hat durch dieses Dogma

³⁸² Foxman et al. (1990), pp. 170-189.

³⁸³ van Horen et al. (2006-2007), pp. 168-170. Size and bright colours catch people's attention, and people are sensitive "to stimuli that contrast with their background which are unusual or unexpected." Desai (2018), p. 143; Hughes (2015), p. 1253; Creusen and Schoormans (2005), pp. 64-68. *See also* Veryzer and Hutchinson (1998), pp. 374-394; Bloch (1995), pp. 16-29; Solomon et al. (2008), pp. 88-89; Celsi and Olson (1988).

daher schon selbst normative Elemente in die Bestimmung der Verwechslungsgefahr eingeflochten.³⁸⁴

In other words, the CJEU's assumption that the more distinctive the trademark the greater the likelihood of confusion is not a rule of fact, but rather serves a normative purpose: to protect the trademark owners' high investments in marketing and branding campaigns. The CJEU's ruling is thus a legal fiction that replaces empirical proof to protect highly distinctive trademarks.³⁸⁵ The likelihood of confusion decreases the more distinctive and well-known the trademark is. However, the CJEU applies a normative correction to offer more protection for highly distinctive marks while at the same time refusing to consider the need to keep free for competitors (no normative corrections in favour of competitors). This may create dysfunctional incentives for traders to invest in marketing and branding campaigns concerning design elements that are better kept free for competitors. Exclusive rights on stripe motifs could impede competition because stripe motifs optimise the appearance of sports clothing. Trademark owners are therefore granted a competitive advantage from the sign as such.³⁸⁶ The assumptions of the CJEU could thus be an additional facilitating factor that allows trademark owners to monopolise signs. While the CJEU may believe that public interest considerations are unrelated to the likelihood-of-confusion assessment because the assessment is allegedly based on the public's perception, in reality the public's perception is not leading when it concerns highly distinctive marks. The anti-confusion assessment is therefore imbalanced and may generate dysfunctional incentives.

4.4 National Case Law

In ruling in the *Adidas/Marca* case that the need to keep signs free is not a relevant factor in confusion cases, the CJEU seems to have opted for a more investment-based approach. To explore whether national case law changed following *Adidas/Marca*, several cases surrounding the three-stripe motif of Adidas were investigated. The Adidas cases are of particular interest in this context because they all contain the same questions concerning likelihood-of-confusion and the need to keep signs freely available. The debate in each case

³⁸⁴ Seibt (2002), p. 470. See also Kur und Senftleben (2017), p. 326; Ströbele (1991), p. 827: "Je besser eine Kennzeichnung dem Verkehr bekannt sei, desto geringer sei die Gefahr, bei Wahrnehmung einer anderen Erscheinung in den Irrtum zu geraten, die bekannte Marke vor sich zu haben. Insoweit könne der von der Rechtsprechung aufgestellte Satz, verkehrsbekannte Zeichen seien in besonderem Maße Verwechslungen ausgesetzt, jedenfalls in dieser Allgemeinheit nicht anerkannt werden. Andererseits besteht allgemeine Übereinstimmung darin, daß die ständige Spruchpraxis zur Verwechslungsgefahr bei starken und schwachen Zeichen *im Ergebnis* beizuhalten ist, weil ansonsten der rechtspolitisch unhaltbare Zustand einträte, daß gerade kennzeichnungsschwachen, unbenutzten Zeichen ein weiterer Schutzbereich zugesprochen würde als gut eingeführten Marken, die in besonderer Weise des zeichenrechtlichen Schutzes bedürfen."

³⁸⁵ Sakulin (2011), p. 248; Albrecht (1991), pp. 58-59: "Nach der Gegenmeinung ist die Verwechslungsgefahr um so geringer, je deutlicher die Marke im Erinnerungsbild des Verbrauchers haftet, weil dieser Abweichungen dann eher wahrnimmt. § 8 Abs. 1 Ziff. 3 MarkenG, Art. 4 Abs. 3 und 4 Markenrichtlinie sowie die Einbeziehung der gedanklichen Verbindung zeigen allerdings eine gesetzgeberische Entscheidung zu Gunsten der älteren Marke."

³⁸⁶ Max Planck Institute (2011), p. 52.

centred on whether a specific stripe motif on clothing (the two/four-stripe motif) was similar to the Adidas trademark (the three-stripe motif).

In some countries, the legal position of third parties may not have changed since *Adidas/Marca*. In Germany and in France, cases can be found where national courts specifically rewarded Adidas' high investments in marketing and branding campaigns involving the three-stripe motif. In these cases, national courts highly emphasised the notoriety of the brand and the resulting likelihood of confusion among consumers while freedom-of-competition arguments were found irrelevant.

For example, in Germany, the Cologne Higher Regional Court³⁸⁷ had already ruled in 2005 (prior to the *Adidas/Marca* case in 2008) that Nike's sports trousers bearing two parallel white stripes on the outside of the legs and the well-known 'swoosh' trademark were an infringement on the three-stripe mark of Adidas.

Given the highly distinctive character of the three-stripe mark, consumers would interpret the defendant's two stripes as an indication of origin, not as mere decoration. The 'swoosh' trademark on the clothing would not preclude the stripes from also functioning as a trademark.³⁸⁸ In addition, there was at least average similarity between the signs. The 'swoosh' was a purely figurative sign of inconspicuous size, such that the consumer would not perceive it as a dominant sign. Furthermore, a substantial number of consumers would not even see the 'swoosh' when it was covered by a matching jacket.³⁸⁹ Therefore, according to the Cologne Higher Regional Court, consumers were likely to be confused.³⁹⁰

Therefore, freedom-of-competition arguments were overruled by investment-based arguments. Stripe patterns may be primarily seen as decoration, but after high investments in marketing and branding the three-stripe-motif, the Court said, consumers would perceive it as source identifier and no longer as pure decoration.³⁹¹ According to the Court, similar stripe motifs would be perceived in the same way. The Court did not further discuss the argument that third parties may also need similar stripe motifs to decorate their products.

In the same year, the Munich Higher Regional Court³⁹² also ruled that a likelihood of confusion existed. The defendant Dolce & Gabbana sold black trousers made from stretch material embellished with two silver stripes on both sides. The trousers had a buckle with the trademark "D&G" on the waistband and one on a rear pocket.

³⁸⁷ Cologne Higher Regional Court, judgment of 16 December 2005, case 84 O 74/05, [2006] E.T.M.R. 37, *Adidas-Salomon AG v Nike International Ltd and Nike Retail BV*.

³⁸⁸ *Ibid.*, paras 11-12.

³⁸⁹ *Ibid.*, paras 13-14.

³⁹⁰ *Ibid.*, paras 16-17. See also the Cologne Regional Court, which similarly argued that a likelihood of confusion existed. Because of the notoriety of the three-stripe motif, the consumer would perceive the two-stripe motif as a trademark and not as embellishment. The "swoosh" mark did not prevent the likelihood of confusion among consumers. First, the 'swoosh' was less eye-catching than the stripes. Second, consumers might believe that Nike and Adidas were in co-operation (Cologne Regional Court, judgment of 20 January 2005, case 84 O 74/04, [2005] E.T.M.R. 91, *Adidas-Salomon AG v Nike International Ltd and Nike Retail B.V.*, paras 21-22).

³⁹¹ Cologne Higher Regional Court, judgment of 16 December 2005, case 84 O 74/05, [2006] E.T.M.R. 37, *Adidas-Salomon AG v Nike International Ltd and Nike Retail BV*, para 8.

³⁹² Munich Higher Regional Court, judgment of 10 November 2005, case 29 U 2238/05, [2006] E.T.M.R. 38, *Adidas-Salomon AG v Dolce & Gabbana Germany GmbH, Alfonso Giuseppe Dolce*.

Again, the judge concluded that consumers would perceive the stripes as a trademark. Because of the notoriety of the Adidas brand, the public was used to seeing an indication of origin in stripes on both sides of clothing. Consumers were also accustomed to secondary signs in addition to a famous mark. Moreover, consumers would not always see the D&G logo, for example when viewed from the side.³⁹³ The notoriety of the three-stripe motif was again a decisive factor in the likelihood-of-confusion assessment:

In view of the exceptionally high distinctive character of the claimant's marks and of the substantial proximity of goods – which results in comprehensive protection with respect to a trade mark only enjoying average distinctive character with the consequence of the necessity of a greater distance between signs to avoid a trade mark infringement – the differences in the two conflicting signs are not sufficient to preclude the likelihood of confusion. [...] Moreover, experience has shown that signs of a distinctive character, in particular famous signs, will tend to be remembered more. The addressed public will therefore also tend to believe it recognises such signs it is familiar with in a different sign.³⁹⁴

Furthermore, the Munich Higher Regional Court explicitly rejected that the need to keep free should be taken into account:

The examination of conflict under trade mark law does not provide for a need to keep free. Outside the scope of Art. 23 of the [German] Trade Mark Act – which is not central here – the fact applies in infringement proceedings that the trade mark proprietor can take proceedings against uses of signs capable of confusion using the standard of the provision of trade mark law while asserting its monopoly position by the trade mark protection.³⁹⁵

In other words, the Munich Higher Regional Court adopted the exact same approach as the CJEU in the *Adidas/Marca* decision. In the *Adidas/Marca* case, the CJEU ruled that the need for a sign to be freely available for competitors was not a relevant factor in the likelihood-of-confusion assessment. Although the limitations and exceptions under Article 14(1)(b) TMD 2015 gave expression to the requirement of availability, in the CJEU's view, the likelihood-of-confusion provision did not. The CJEU further argued that the requirement of availability could only restrict the effect of the trademark if this was expressly provided for in the limitations and exceptions under Article 14(1)(b) TMD 2015. With regard to the purely decorative nature of the competitors' two-stripe motifs at issue, the CJEU ruled that this use

³⁹³ *Ibid.*, paras 21-26.

³⁹⁴ *Ibid.*, para 30.

³⁹⁵ *Ibid.*, para 32. See also Munich Higher Regional Court, judgment of 12 February 2004, case 26 U 5518/03, [2005] E.T.M.R. 2, *Adidas Salomon AG v Dolce & Gabbana Germany GmbH*, paras 12-15, which also argued that a likelihood of confusion existed. In this case, the judge also emphasised the notoriety of the brand, and held that the three-stripe motifs would be “exceptionally well-known marks, which is an obvious fact” (para. 14) and “[i]n view of the extremely high identifying power of the applicant's marks and the similarity of the goods, which is at least close, the differences in the two marks are not capable of eliminating the risk of confusion.” (para. 15).

was not intended to give an indication concerning one of the specified characteristics of the goods and was therefore not allowed.³⁹⁶ In the same way, Article 23 of the German Trade Mark Act, which prescribes defences for descriptive use, was probably not applicable. It therefore can be said that the Munich Higher Regional Court's decision basically anticipated the CJEU's later ruling.

In an earlier case, the Munich Regional Court also referred to the exceptionally high degree of distinctiveness of Adidas' three-stripe motif in the *Adidas/C&A* case.³⁹⁷ The Court concluded that everyone's awareness of the claimant's trademark could be assessed by the Court from its own knowledge, such that market studies were not necessary. The notoriety of the brand was a generally known fact.³⁹⁸ Nevertheless, a survey showed that 91.3% of market participants are aware of the three-stripe motif these days.³⁹⁹ The Court also emphasised the normative concept of the likelihood-of-confusion assessment but did not mention the need to keep free in this perspective:

However, the claimants correctly point out that the examination of the legal concept of the risk of confusion does not mean a decision which forecasts whether consumers reach the assumption that they would purchase adidas products if they faced the attacked design, because solely a normative determination of the distance to be kept from the older design is involved.⁴⁰⁰

³⁹⁶ CJEU, judgment of 10 April 2008, case C-102/07 (*Adidas/Marca*), paras 47-48.

³⁹⁷ Munich Regional Court, judgment of 26 July 2001, [2004] E.T.M.R. 3, *Adidas AG v C & A Mode Co.*

³⁹⁸ *Ibid.*, para 50.

³⁹⁹ *Ibid.*, para 53.

⁴⁰⁰ *Ibid.*, para 59. Considering the likelihood of confusion as a normative concept also meant that a likelihood of confusion could not be found when signs coincided only in descriptive or non-distinctive elements. For instance, in the *Kinder* case, the trademark owner tried to exclude third parties using the word 'Kinder' for chocolate on the basis of their composite trademark rights. The German Supreme Court argued that the trademark owner did not have an exclusive right on the word 'Kinder' used for chocolate. The word element 'Kinder' generally refers to the targeted customers of the goods (para. II 1 a cc (2)). A likelihood of confusion would only exist when the colour and graphic design of the trademark on the competitor's products were similar to the figurative elements of the *Kinder* trademark, which was not the case (para. II 2 a aa). The fact that the competitors had used the same descriptive elements did not lead to the overall impression that a likelihood of confusion nevertheless existed ('Allein die teilweise Übereinstimmung des schutzunfähigen Wortbestandteils "Kinder" mit der angegriffenen Bezeichnung vermag eine Zeichenähnlichkeit nicht zu begründen' (para. II 2 a aa)). Since the trademark owner could not prove that the word element 'Kinder' had acquired distinctiveness through use in trade, the word element 'Kinder' could not, in the court's opinion, play a dominant role in the overall impression (paras. II 1 a dd (2-3)). See German Supreme Court, judgment of September 20, 2007, cases I ZR 6/05 and I ZR 94/04 – *Kinder II*. However, since the *Hansson* Case (CJEU, judgment of June 12, 2019, case C-705/17, ECLI:EU:C:2019:481), the German Supreme Court had to change their more restricted approach in disregarding similarities between signs when the allegedly infringing sign only coincided for elements that were descriptive or non-distinctive. Consequently, in the *Injekt/Injex* case, the German Supreme Court overruled the decision of the German Federal Patent Court that held that there was no likelihood of confusion since the similar elements of the signs were descriptive for the registered goods (medical syringes). According to the German Supreme Court, the conflicting signs needed to be considered as a whole, including their descriptive elements. The German Federal Patent Court was therefore not allowed to exclude parts of the signs from the comparison and only consider the last letters of the signs (German Supreme Court, judgment of February 6, 2020, case I ZB 21/19, *GRUR Int.*, 70(6), 2021, 583-591, paras. 71, 74).

The Munich Regional Court thus explicitly chose to reward Adidas' high investments. In the *Adidas/Marca* case, the CJEU rejected the need for signs to be freely available by saying that the likelihood-of-confusion assessment must be based on consumer perception.⁴⁰¹ Contrary to the *Adidas/Marca* case, the Munich Regional Court admitted that consumers were not necessarily confused. Instead of hiding behind consumer perception rationales, the Munich Regional Court stated that their decision represented a normative determination of the desirable distance between parties on the market. Freedom-of-competition arguments were however not discussed. Because of the high awareness of the trademark, the Court said consumers would perceive the stripe motif as an origin indication and not as a mere adornment.⁴⁰² It can be concluded that this case too was based unilaterally on trademark proprietors' interests.

Adidas was also successful in France, in the Cour d'Appel de Paris.⁴⁰³ The defendant had produced jackets bearing three parallel stripes in the same position, as well as along the waist and collar, together with the words "Navy", "Taille Crayon" and "TC" and a red and blue flag on the garments, with the addition of the words "Taille Crayon Atlantic Dream" on a label inside the garment. The trousers were embellished with two stripes along the side of the leg. According to the Cour d'Appel de Paris, the textual inscriptions, which were fantasy words, did not eliminate the risk of confusion. First, Adidas itself often used inscriptions on its clothing. Second, the risk of confusion would be greater since the consumer was particularly familiar with the three-stripe motif.⁴⁰⁴ Again, freedom-of-competition arguments were not discussed in this case.

The German and French cases illustrate that prior to *Adidas/Marca*, the courts' arguments were already biased in favour of trademark owner's interests. While the consumers' factual perception was not decisive, assumptions on how consumers ought to behave did play a central role. The leading principle in these cases was that consumers were more likely to be confused because of the notoriety of the brand. As pointed out before, from an empirical perspective, the notoriety of the brand should rather be seen as a counterargument that undermines the conclusion that likelihood of confusion exists. Consumers are less likely to be confused the more distinctive the trademark is. Under the umbrella of consumer perception, the German and French courts were actually protecting Adidas' investments. They did so not only by emphasising the notoriety of the brand and disregarding how consumers factually perceived signs, but also by bypassing freedom-of-competition arguments. In some cases these courts explicitly ruled that freedom-of-competition interests were not relevant in the likelihood-of-confusion assessment; in other cases they were simply ignored. These cases can be seen as precursors of the *Adidas/Marca* decision in 2008; an investment-based approach that perhaps already began with the *Puma/Sabel* decision.

⁴⁰¹ CJEU, judgment of 10 April 2008, case C-102/07 (*Adidas/Marca*), para. 30.

⁴⁰² Munich Regional Court, judgment of 26 July 2001, [2004] E.T.M.R. 3, *Adidas AG v C & A Mode Co.*, para 59.

⁴⁰³ Cour d'Appel de Paris (4th Chamber, Section A), judgment of 3 March 2004, [2005] E.T.M.R. 4, *Adidas Sarrajan France v Subo, Bauer*.

⁴⁰⁴ *Ibid.*, para 7.

However, there are also national systems where a clear reversal can be seen following *Adidas/Marca*.⁴⁰⁵ For example, in the Netherlands, courts indeed seem to have followed a more investment-based approach since *Adidas/Marca*. In the most prominent case, in 2017, the District Court of The Hague concluded that H&M's two-stripe motif used for sports clothes infringed on Adidas' three-stripe motif.⁴⁰⁶

In this case also, the Court focussed on the trademark's highly distinctive character. According to the Court, the three-stripe motif was well-known among a significant portion of the relevant public: 80% in 1995, 84% in 2004, 78% in 2007, 61% in 2012, and 76% in 2015.⁴⁰⁷ Examples were presented of catalogues, sales data, marketing budget, market studies, and information on the size of the company's sponsoring activities. A market study of the defendant H&M also demonstrated that the three-stripe motif was well known.

Furthermore, the Court argued that the two-stripe sign of H&M was visually highly similar to the three-stripe motif of Adidas. In the two-stripe sign, seven out of eight distinctive parts of the three-stripe mark could be found.⁴⁰⁸ The only difference was that two instead of three stripes were used. The number of stripes was not the most distinctive part of the three-

⁴⁰⁵ Although the Court of Appeal of The Hague took a surprisingly different direction in 2020 (Court of Appeal of The Hague, judgment of January 28, 2020, ECLI:NL:GHDHA:2020:72 (*H&M/Adidas*)). In this case, the judge argued that the gap between the two stripes was not visually more or less identical to the width of the stripes and therefore did not infringe on Adidas' trademark rights (para. 26). Furthermore, the court stated that the two stripes did not form a pattern and that there was only a singular repetition of the stripe. Taking into account that a stripe in itself and also the random combination of two stripes was so simple and trivial, such that these did not have any distinctive character, they were only slightly determining to the overall impression to the trademark and the sign. In the court's opinion, it was therefore the specific combination of the stripes and gaps (the pattern) that determined the overall impression. Therefore, the public, used to stripes on clothing, would perceive only the specific 'Adidas combination' of stripes and gaps as a trademark. As the number of stripes, the width of the gaps and the consequences thereof for the global impression were different from the Adidas combination, the court ruled that there was only a low degree of similarity between the trademark and the sign. As the similarity between the marks was so low and solely caused by the non-distinctive elements (stripes) in the trademark and the sign, the court ruled that despite the fact that Adidas was a well-known trademark with a great scope of protection, and the goods were similar, there was no likelihood of confusion (paras. 30-31). The market research did not change this verdict because the percentage of respondents who were likely to be confused when confronted with a similar stripe motif might have been affected by the fact that Adidas was a market leader in sport clothing (paras. 35, 44). Although the court did not refer to the need to keep free, they thus offered room for freedom-of-competition interests by emphasising the different width of the gap and the pattern of the stripes. By ruling that the similarity between the sign was low, the judge could set aside the factors of identical goods and the high distinctiveness of the trademark and the corresponding broader scope of protection. See also the Conclusion of the General Prosecutor B.J. Drijber, judgment of March 12, 2021, ECLI:NL:PHR:2021:244 (*Adidas/H&M*) who advised to reject the appeal in cassation.

⁴⁰⁶ District Court of The Hague, judgment of 8 November 2017, ECLI:NL:RBDHA:2017:12949 (*Adidas/H&M*). For a similar outcome of a previous case in the proceedings, see Court of Appeal of Arnhem-Leeuwarden, judgment of 1 December 2015, case 200.135.172/02, IER 2016/31.

⁴⁰⁷ *Ibid.*, paras 4.21-4.22.

⁴⁰⁸ The Court noted that the trademark of Adidas consists of a motif of (i) three (ii) vertical and (iii) parallel stripes of (iv) equal width, in which (v) the gap between the stripes is visually more or less the same width as the stripes and (vi) the stripes are of the same colour, (vii) which contrasts with the basic colour of the garment. The stripes are also always applied (viii) along the entire length of the side of the shoulders, sleeves, side seams and/or trouser legs of a garment. According to the Court, the discussion was not only about three stripes, but about a trademark consisting of these eight distinctive elements.

stripe mark; rather the eight features were together responsible for the overall impression of the trademark.

The Court further assumed a relevant public that consisted of consumers of everyday products, such as sports and leisure wear. This consumer would not be highly attentive when purchasing such clothing, and the Court took as a benchmark the average consumer who is reasonably well informed, observant, and circumspect.⁴⁰⁹

Both parties supported their arguments with market studies on the likelihood of confusion, and both studies were criticised. The Court left the critical comments to the side and concluded that the outcome of both studies supported the assessment that a likelihood of confusion existed. According to the Court, percentages of 24% and 34% of confusion on the origin of the products were significant. The Court consequently concluded that H&M infringes on the rights of the trademark owner Adidas.⁴¹⁰

In this case, the Court was therefore clearly focused on the trademark owner's high investments. The Court ruled that the distinctive character was high, which was supported by empirical facts. Consumers would be confused when confronted with similar stripe motifs because of the brand's notoriety. Moreover, a market study of the likelihood of confusion also supported the decision. Normative considerations on the need to keep this specific stripe motif freely available for other competitors were not mentioned. Adidas' efforts in marketing campaigns paid off.

Remarkably, prior to *Adidas/Marca*, decisions can be found in which Dutch courts expressed a strong preference for freedom-of-competition arguments.

For example, in 2005, the Court of Appeal of 's-Hertogenbosch⁴¹¹ ruled that H&M did not infringe Adidas' trademark rights. Despite pointing out that the three-stripe motif was well known and therefore had a broad scope of protection, the judge emphasised that this did not mean that Adidas could also prohibit other stripe motifs. According to the Court, stripes and simple stripe motifs are not signs that are amenable to far-reaching monopolisation; they are common and must therefore be freely available to third parties, even when one specific stripe motif has acquired a strong distinctive character through use in trade.

The judge admitted that some similarity between the trademark and the sign existed. However, according to the judge, the differences between the trademark and the sign were not marginal but essential because they would directly attract the attention of the consumer. The Adidas trademark consisted of three stripes, while the H&M stripe motif had two. This eye-catching – and thus essential – difference, hindered the sign from being seen as confusingly similar to the trademark.⁴¹² Therefore, infringement could not be assumed.⁴¹³ In this case the

⁴⁰⁹ District Court of The Hague, judgment of November 8, 2017, ECLI:NL:RBDHA:2017:12949 (*Adidas/H&M*), para 4.20.

⁴¹⁰ *Ibid.*, paras 4.31-4.37.

⁴¹¹ Court of Appeal of 's-Hertogenbosch, judgment of 29 March 2005, ECLI:NL:GHSHE:2005:AT2596, BIE 2005, 82 (*Adidas/Marca c.s. and H&M*).

⁴¹² *Ibid.*, para 4.20.

⁴¹³ *Ibid.*, para 4.21. The judge also did not refer to market studies. *Ibid.*, paras 4.22-4.24. Market studies were assessed under Article 2.20(1)(c) of the Benelux Convention on Intellectual Property (BCIP) concerning trademarks with a reputation. The court of appeal, however, rejected the market studies because they could not prove that an economic link existed at the moment the infringement took place, namely in 1996.

judge thus explicitly referred to the need for competitors to freely use similar signs on the market.

In 1999, the Court of Appeal of 's-Hertogenbosch⁴¹⁴ had also ruled that there was no likelihood of confusion between the two stripes of H&M and the three stripes of Adidas. The judge argued that the average consumer of sports and leisure clothes was a smaller group than the average consumer. This group would sooner notice the distinction between the trademark and the sign, the pricing difference between H&M and Adidas (cheap versus expensive, respectively), the sales outlets of the clothes (H&M stores carry exclusively H&M products), the familiarity of the Adidas trademark, and the distinctive character of the trademark and the sign.⁴¹⁵

The fact that the trademark was well known did not lead the Court to conclude that a likelihood of confusion existed. Rather, the Court seemed to interpret the notoriety of the Adidas trademark as implying that consumers would not be confused.⁴¹⁶ Besides, the judge argued that the results of the surveys in Belgium and Germany were insufficiently targeted and did not provide a decisive answer as to the likelihood of confusion.⁴¹⁷

Here we see that the factual circumstances meant that no likelihood of confusion existed. The judge decided not to take the consumer of everyday products as a benchmark, but rather a more brand-conscious consumer who is interested in sports and leisure clothes. This allowed the judge to give greater importance to freedom-of-competition arguments.

⁴¹⁴ Court of Appeal 's-Hertogenbosch, judgment of 8 June 1999, case C9700988/BR (*H&M/Adidas*).

⁴¹⁵ *Ibid.*, paras 4.11-4.12. The court of appeal had postponed the case in 1999 because of preliminary questions. In 2005, the same Court of Appeal ruled that the answers to the preliminary questions did not lead to a different outcome. According to the CJEU, association between the sign and the trademark is not sufficient to conclude a likelihood of confusion even in cases of a well-known mark. The likelihood of confusion needs to be positively affirmed. See Court of Appeal of 's-Hertogenbosch, judgment of 29 March 2005, ECLI:NL:GHSHE:2005:AT2596 (*Adidas/Marca c.s. and H&M*), para 6.5; CJEU, judgment 22 June 2000, case C-425/98 (*Marca/Adidas*), para 41. See also Benelux-Gerechtshof, 7 June 2002, ECLI:NL:XX:2002:AG7751, NJ 2003, 426 (*Marca/Adidas*), para 41.

⁴¹⁶ It was to be expected that the Court of Appeal would rather emphasise the reputation of the three-stripe motif, the high investments of Adidas, the similarity of the goods, and the similarity of the signs, and therefore conclude that a likelihood of confusion existed. These considerations, however, are reminiscent of the *Picasso/Picaro* case, in which the CJEU also ruled that the average consumer could have a particularly high level of attention at the time of purchasing the goods because of the nature of the goods in question—especially their price and highly technological character. A high level of attention could reduce the likelihood of confusion. The possibility that the consumer may on occasion have a lower level of attention—for example, when confronted with the sign unconnected with the act of purchase—was not relevant in this respect because “the existence of such a possibility does not prevent the taking into account of the particularly high level of attention exhibited by the average consumer when he prepares and makes his choice between different goods in the category concerned”. See CJEU, judgment of 12 January 2006, C-361/04 P (*Picasso/Picaro*), paras 39-41.

⁴¹⁷ Furthermore, although H&M argued that the two stripes were used merely decoratively, the judge ruled that this use must be weighed against Adidas' use. Adidas had a right to protect its trademark because of the registration and the highly distinctive character that the trademark had acquired through intensive marketing campaigns. In other words, the judge explicitly recognised that the need to keep signs freely available should be weighed against the rights of the trademark owner. Court of Appeal of 's-Hertogenbosch, judgment of 29 March 2005, ECLI:NLGHSHE:2005:AT2596, BIE 2005, 82 (*Adidas/Marca c.s. and H&M*), para 4.6.

In 1998, in the *Fitnessworld/Adidas* case⁴¹⁸ the Court of Appeal of Arnhem also interpreted the relevant public as consumers who are more attentive than average. According to the judge, the relevant segment of the Adidas public are people who wish to be seen in exclusive and more expensive clothes. This public knows that Adidas uses a three-stripe motif and will therefore not be confused when confronted with clothes with two stripes attached in the same place, such as the Fitnessworld clothes. They will easily see the difference between two and three stripes, especially when purchasing clothes, because this is not as a rule done hastily or thoughtlessly.⁴¹⁹

In addition, the court of appeal believed that considering the overall impression, the three stripes were a distinctive and dominant element. Furthermore, it believed that Adidas tried to monopolise the stripes motif with its trademark. This monopolisation on the part of Adidas was not allowed in this case, in which the two-stripe motif was seen as a decorative feature and not a trademark, and the clothes considered had the trademark “Perfetto” in almost all cases.⁴²⁰ This shows that contrary to the *Adidas/H&M* case in 1999, the judge did more explicitly consider that the interest of the need to keep free must outweigh the interests of trademark owner Adidas.

In 2006, Adidas lost against one of its big competitors in sports clothing: Nike. A strong preference for the need to keep free was evident. The District Court of The Hague⁴²¹ ruled that the public would interpret the two-stripe motif of Nike as a decorative feature and not as a trademark. The judge set aside Adidas’ evidence showing that consumers recognised the two-stripe motif as a trademark. In the Court’s opinion, Adidas had insufficiently refuted Nike’s criticism of the market studies.⁴²²

But even if a small proportion of the relevant public recognised the two stripes as a trademark, according to the judge, particular decorative elements must remain freely available.⁴²³ Despite Adidas’ arguments, the judge considered that this was a factor that must be taken into account not only when assessing whether the trademark was suitable for registration, but also when determining the scope of protection. According to the judge, it would be in conflict with the system developed by the CJEU in the cases *Chiemsee*, *Linde* and *Libertel*⁴²⁴ – among others – not to weigh the need to keep signs freely available in the infringement assessment.⁴²⁵ In the Court’s logic, if that were the case, a trademark owner

⁴¹⁸ Court of Appeal of Arnhem, judgment of 18 August 1998, ECLI:NL:GHARN:1998:AK2233 (*Fitnessworld/Adidas*). See also Supreme Court, judgment of 12 October 2001, ECLI:NL:PHR:2001:ZC3688 (*Adidas/Fitnessworld*); CJEU, judgment of 23 October 2003, case C-408/01 (*Adidas/Fitnessworld*).

⁴¹⁹ *Ibid.*, para 5.10.

⁴²⁰ *Ibid.*, para 5.11.

⁴²¹ District Court of The Hague, judgment of 5 July 2006, ECLI:NL:RBSGR:2006:BA8987 (*Adidas/Nike*).

⁴²² *Ibid.*, para 4.5.

⁴²³ *Ibid.*, para 4.8.

⁴²⁴ CJEU, judgment of 4 May 1999, case C-109/97 (*Chiemsee*); CJEU, judgment of 8 April 2003, case C-53/01-55/01 (*Linde*); CJEU, (judgment of 6 May 2003, case C-104/01 (*Libertel*)).

⁴²⁵ In the *Windsurfing Chiemsee* case, the CJEU explicitly recognised that descriptive signs or indications relating to categories of goods or services need to remain freely available because “it is in the public interest that they remain available, not least because they may be an indication of the quality and other characteristics of the categories of goods concerned, and may also, in various ways, influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response”. (CJEU, judgment of 4 May

could then prohibit the use of a sign through expanding the scope of protection which would normally not be registered because of reasons of general interest.⁴²⁶

The district court also argued that the average consumer when confronted with the two-stripe motif would neither think of Adidas nor presume that the clothes belong to Adidas. Two stripes could be very easily distinguished from three. Furthermore, a consumer who was reasonably well informed could not be expected to be led exclusively by the two stripes. He would try to find out whether the clothes were indeed from Adidas, if the company came to his mind. Because of the familiarity of the three-stripe mark, when faced with two instead of three stripes, the consumer would more quickly question whether Adidas was involved with the origin. As soon as the consumer found out whether the hunch that the clothes might be from Adidas was right, however, he would immediately see the well-known Nike swoosh.

According to the district court, it was inconceivable that the relevant public would think that Adidas and Nike could be economically related. An average consumer could not miss the fact that the two companies were major rivals. This fact, combined with the difference in the number of stripes, would distract the consumer from the thought that the companies could be economically related. According to the district court, there was no likelihood of confusion even if the consumer thought of Adidas.

Moreover, expert studies also did not point to a likelihood of confusion.⁴²⁷ The interests of a third party to freely use a similar sign for similar goods therefore outweighed the interests of the trademark owner Adidas.⁴²⁸

Contrary to the German court, the Dutch court left the way open for making normative corrections in favour of freedom-competition-arguments. In the German case, the CJEU's ruling of granting more protection the more distinctive the trademark is could not be set aside, not even by the fact that the two-stripe-motif was combined with the highly well-known Nike swoosh mark. Trademark proprietors' interests were dominant. The German court found the 'swoosh' a purely figurative sign of inconspicuous size, such that the consumer would not perceive it as a dominant sign. A matching jacket would also hide the swoosh mark. In

1999, case C-108/97, C-109/97 (*Windsurfing Chiemsee*), para 26). See also the conclusion of Advocate General Jacobs, para 63, case C-408/01 (*Adidas/Fitness World*).

⁴²⁶ According to current EU trademark law, non-distinctive signs can acquire distinctiveness through use in trade: "Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use." (Art. 4(4) Trademark Directive, 6quinquies(C)(1) Paris Convention and 15(1) TRIPS Agreement.) See also CJEU, judgment of 4 May 1999, cases C-108/97, C-109/97 (*Windsurfing Chiemsee*), paras 44–45). Unlike absolute grounds for refusal based on public policy or principles of morality and signs of high symbolic value, which cannot be overruled by demonstrating acquired distinctiveness through use in trade, non-distinctive, descriptive and generic signs can be registered if consumers perceive these signs as a badge of origin.

⁴²⁷ District Court of The Hague, judgment of 5 July 2006, ECLI:NL:RBSGR:2006:BA8987 (*Adidas/Nike*), paras 4.9–4.10.

⁴²⁸ For a contrary result, see the District Court of Amsterdam, judgment of 8 June 2006, ECLI:NL:RBAMS:2006:BB7942 (*Adidas/Scapa*); Court of Appeal of Amsterdam, judgment of 8 November 2007, ECLI:NL:GHAMS:2007:BB7456 (*Scapa/Adidas*). It can be assumed that a competitor such as Nike does not need to profit from Adidas' reputation. Nevertheless, Nike will not have chosen accidentally to bring its clothing onto the market with a similar sign. Nike can harm Adidas' reputation by deliberately using a similar stripes mark.

contrast to the swoosh mark, Nike's two-stripes-motif would be perceived by consumers as an indication of origin, not as mere decoration.

In the Dutch case, however, the court argued the other way around: the two-stripe-motif of Nike was simply seen as a decorative feature. Furthermore, the Court explicitly indicated that even if some consumers perceived the two-stripe-motif as a trademark, freedom-of-competition arguments should outweigh trademark owners' rights. In addition, the Dutch court stated that the notoriety of the Nike swoosh would prevent likelihood of confusion.

In other words, both cases involved normative corrections: in the German case, normative corrections were made in favour of trademark owners' high investments, in the Dutch case, normative corrections in favour of third parties' need to keep signs freely available were decisive. However, the Dutch case particularly differed from the German case in that the court explicitly stated that normative corrections were justified without making assumptions about consumer perceptions alone.

Lastly, in Denmark, one can also find decisions seeking to offer room for freedom-of-competition arguments which preceded the CJEU decision in *Adidas/Marca*. The Højesteret (high court)⁴²⁹ ruled that the third party's sign was not confusingly similar to the three-stripe motif of Adidas.⁴³⁰ The defendant sold jackets embellished with bands formed by four parallel stripes of equal width and length, and the bands were the same colour as the jacket. In the High Court's opinion, consumers would generally know that Adidas' trademark consists of exactly three and not four stripes. Furthermore, according to the High Court, the use of stripes on clothes was extremely common, especially on sports and leisure apparel. It was also common to place stripes along the side of the sleeves on a jacket.⁴³¹ The High Court clearly followed a freedom-of-competition approach: "When determining the scope of protection for this trade mark, great emphasis must be put on the fact that other companies are not prevented from using stripes to embellish clothes to a further extent than what is necessary in order to protect the trade mark."⁴³²

The Danish high court thus explicitly expressed its concerns regarding the availability of signs on the market. The argument that the use of stripes on clothes was extremely common, especially on sports and leisure apparel, impacted the court's decision. Adidas' high investments in marketing and branding campaigns with respect to the three-stripe-motif could not overrule the fact that stripe motifs were extremely common. The likelihood-of-confusion assessment must be viewed in this light.

As shown above, decisions preceding *Adidas/Marca* were more balanced in the Netherlands and Denmark than those following after the CJEU's *Adidas/Marca* decision. In the cases following *Adidas/Marca*, the interests of the trademark owner Adidas were decisive. In these cases, courts ruled that consumers were more likely to be confused because of the notoriety of the brand. However, as pointed out earlier, from an empirical perspective,

⁴²⁹ Højesteret (High Court), Second Division, judgment of 24 November 2005, [2006] E.T.M.R. 88, case 361/2001, *Adidas International B.V. v FDB*.

⁴³⁰ *Ibid.*, para 72.

⁴³¹ *Ibid.*, para. 70.

⁴³² *Ibid.*, para. 71.

consumers are less likely confused when confronted with a high well-known mark. Therefore, courts made normative corrections in order to protect Adidas' high investments.

On the other hand, in cases preceding *Adidas/Marca*, courts also included the interests of third parties in their decision. In the court's view, the need for other parties to freely compete with alternative products on the market was more important than the need to protect Adidas' investments and consumers against confusion.

As the cases before *Adidas/Marca* show, a different world with more room for freedom-of-competition arguments is plausible. Only when judges are able to implement normative corrections in favour of trademark owners as well as third parties is it possible to ensure an undistorted, fair and meaningful competition. Because appealing signs are not available in unlimited numbers, exclusive trademark rights on stripe motifs may affect the availability of design elements on the market and hinder competition. Stripe motifs contribute to the style and appearance of sports clothing and therefore give Adidas a competitive advantage from the sign as such.⁴³³ Therefore, it is necessary to also balance the third parties' interests in the likelihood-of-confusion assessment as the Dutch and Denmark courts did before *Adidas/Marca*, particularly where appealing signs are concerned.

The fact that the German and French courts clearly preferred to reward Adidas' high investments without considering freedom-of-competition arguments makes their decisions less plausible. The more so since in these cases – with the exception of the *Adidas/C&A* case ruled by the Munich Regional Court – courts seem to hide their normative corrections in favour of trademark owners behind the rationales of consumer perception.

The fact that national courts seem to have been veered towards a more investment-based approach, particularly after *Adidas/Marca*, means other core values may become jeopardised, such as safeguarding freedom of competition and (commercial) freedom of expression. Ideally, therefore, the CJEU should change course and depart from the *Adidas/Marca* ban on the freedom-of-competition arguments in the infringement analysis.

As a second-best solution, national courts could provide more room for the need to keep free under the current CJEU jurisprudence. The Dutch and Danish cases mentioned above can serve as an example. Within the present legal framework, judges could deviate from the pattern of automatically granting more protection when trademarks are very well known. They can emphasise the factual circumstances of the case, which indicate that consumers are not likely to be confused. Judges can interpret the concept of the average consumer flexibly. Instead of emphasising that the relevant public is an average consumer of everyday products who is not highly attentive – as the District Court of The Hague did in 2017 – judges can also refer to an average consumer who is interested in sports clothes and is therefore highly attentive. Judges could also attach less value to consumer studies, particularly when the outcome of these studies is strongly criticised.

The *Picasso/Picaro* case⁴³⁴ ruled by the CJEU may be used as a reference to make normative corrections in the likelihood-of-confusion assessment. The name “Picasso”, highly

⁴³³ Max Planck Institute (2011), p. 52.

⁴³⁴ CJEU, judgment of 12 January 2006, case C-361/04 P, ECLI:EU:C:2006:25 (*Picasso/Picaro*). See Opinion of Advocate General Ruiz-Jarabo Colomer, judgment of 8 September 2005, ECLI:EU:C:2005:531 (*Ruiz-Picasso and Others v OHIM*), para 69: “Secondly, there is a certain general interest in protecting the names of great artists, which represent a universal cultural heritage, from insatiable commercial greed, in order to safeguard

well known among consumers as a painter, was also used as a trademark for cars. However, because the trademark was not so highly well known among consumers, the judge concluded that consumers would not likely be confused when confronted with the similar sign “Picaro”, also used for cars. From a conceptual perspective, the CJEU found the signs very different. This line of argument could also be used in the case of stripe motifs. Courts could make factual statements about the perception of consumers, for example that consumers usually perceive stripes as a decoration (as the CJEU did in the *Picasso/Picaro* case saying that consumers will particularly think of the painter). Under the umbrella of consumer perception, courts could reach a normative purpose, namely safeguarding free access to stripe motifs in the sports sector.⁴³⁵

Furthermore, since the EU trademark law reform entered into force, the new limitations on non-distinctive signs might also provide room to consider the rights of third parties.⁴³⁶ This defence allows competitors to refer to the non-distinctiveness of the similar sign they use themselves. Competitors might argue that the similar stripe motif (i.e. two stripes) is not inherently distinctive, nor is it used to indicate origin, for example when the clothing bears the defendant’s own word mark.⁴³⁷ Although the three-stripe motif has acquired distinctiveness through use in trade on the market, the three-stripe-motif is also a design item that evokes associations which are inherent to the stripe motif itself. This original meaning should remain freely available for competitors.⁴³⁸

However, it remains to be seen whether the new limitation will give competitors more freedom to use stripe motifs. Furthermore, under the new provision, the use of the sign is only justified if it is in accordance with honest commercial practices; a principle which constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trademark owner.⁴³⁹ Given the notoriety of the three-stripe motif, using a similar stripe motif

their work from trivialisation. It is sad to think that the averagely informed, reasonably aware and perceptive consumer, who no longer links names such as Opel, Renault, Ford or Porsche with the outstanding engineers whose products were named after them, will, unfortunately, in the not-too-distant future be subjected to the same process in relation to the name Picasso.”

⁴³⁵ See also Senfileben (2018), p. 324. Nevertheless, if courts follow this argument, they must ignore market studies that provide evidence that consumers are highly familiar with stripes and recognise them as a badge of origin. The difference with the *Picasso* case is that the three-stripe motif is very well known; the “Picasso” trademark for cars is less distinctive. Besides, stripe motifs do not have a clear meaning, while the word mark “Picasso” does have a clear reference to the painter Picasso. See, however, the Court of Appeal of The Hague, which argued that consumers were used to stripes on clothing, and that a stripe itself or the random combination of two stripes were so simple and trivial that they did not have any distinctive character. The court indeed found the market research not relevant to the case because it was at best a tool, and the questions were too vague and steering to yield reliable results (Court of Appeal of The Hague, judgment of January 28, 2020, ECLI:NL:GHDHA:2020:72 (*H&M/Adidas*)).

⁴³⁶ Article 14(1)(b) TMD 2015; Article 14(1)(b) EU Trademark Regulation.

⁴³⁷ See, for example, District Court of The Hague, judgment of 5 July 2006, ECLI:NL:RBSGR:2006:BA8987 (*Adidas/Nike*). See also CJEU, judgment of 10 April 2008, case C-102/07, ECLI:EU:C:2008:217 (*Adidas/Marca*), para 48: “In the present case, according to the decision making the reference and the observations submitted to the Court by the competitors of adidas, the latter rely on the purely decorative nature of the two-stripe motifs at issue to justify their use.”

⁴³⁸ See Kur (2018), p. 89.

⁴³⁹ CJEU, judgment of 23 February 1999, case C-63/97 (*BMW/Deenik*), para 61.

on sports clothing will probably be seen as unfairly competing with the trademark owner.⁴⁴⁰ In addition, the use of a similar stripe motif cannot be seen as intended to give an indication concerning one of the specified characteristics of the goods.⁴⁴¹

The broadening of the limitation rights is very helpful, but it is not sufficient to safeguard third parties' interests. The burden of proof lies with the defendant and the likelihood of confusion is still biased in favour of brand owners. A system where normative corrections can also be made in favour of third parties (like the former Dutch system) is to be preferred to a one-way system in which normative corrections are automatically made in favour of brand owners.⁴⁴² The present legal framework would be apt to bring normative corrections both in favour of trademark owners and third parties under the umbrella of consumer perception. Ideally, the CJEU would change course and depart from the *Adidas/Marca* ban on the freedom-of-competition arguments in the infringement analysis.

4.5 Conclusion

This chapter shows that it is necessary to also weigh policy concerns when making the likelihood-of-confusion assessment. Although it sounds empirically plausible to protect consumers against confusion, in reality this anti-confusion claim is based on normative considerations. The CJEU's assumption that consumers are more likely to be confused when confronted with signs that are similar to a highly distinctive trademark is not correct. In fact, it is rather the other way around: the more distinctive the trademark, the less likely that consumers will be confused when confronted with a similar sign.

The consequence is, however, that trademark owners' marketing efforts are rewarded: the more they invest in a particular sign, the more protection they achieve. At the same time, competitors' concerns may be disregarded because of *Adidas/Marca*.

This is particularly problematic in relation to appealing signs such as stripe motifs. These signs not only serve as a source identifier, but also appeal to consumers and therefore give trademark owners an advantage over competitors on the market. Because Adidas is the only trademark owner who can use stripe motifs on sports and leisure garments, other competitors may be disadvantaged for a possibly unlimited period of time.

This outcome could not have been the intent of the legislators who developed specific forms of protection for these signs, such as design protection or copyright protection, which expire within a limited period of time.⁴⁴³ Trademark proprietors should be encouraged to

⁴⁴⁰ See also CJEU, judgment of 7 January 2004, case C-100/02 (*Gerolsteiner Brunnen GmbH & Co*), para 26.

⁴⁴¹ CJEU, judgment of 10 April 2008, case C-102/07 (*Adidas/Marca*), paras 47-48.

⁴⁴² The CJEU has actually already made normative corrections with regard to the public interests under the umbrella of consumer perception. Trademarks with a low degree of distinctiveness or market recognition often receive a strict scope of protection. Since consumers are more easily confused when trademarks are not so well-known, this can also be seen as a normative correction against a too broad scope of protection. It would be against the trademark policy to grant more protection to trademark owners who have made fewer investments in market recognition or have chosen a common sign as a trademark. At the same time, by granting a strict scope of protection, public interests in keeping descriptive signs freely available to third parties on the market can be safeguarded. See Max Planck Institute (2011), p. 58; Ströbele (1991), p. 827.

⁴⁴³ Unlike the classic trademark regimes, patent, industrial, and copyright law protect creative or innovative achievements as such for a limited period of time and later enrich the public domain after this period of time. On

invest in the quality and attractiveness of the goods or services and not be rewarded with competitive advantages from the sign as such.⁴⁴⁴

Exclusive rights to appealing design items may also hinder innovation and stimulate standardisation.⁴⁴⁵ Competitors could be alarmed by Adidas' enforcement strategy and avoid using stripes on sports and leisure clothes at all. As the cases illustrate, the competitors were big players – C&A, Marca Mode, H&M, and Nike – who are well-known among consumers. Moreover, the number of cease-and-desist letters that Adidas sent confidentially is unclear, so we do not know what in fact the impact of Adidas' enforcement strategy has been.⁴⁴⁶

As long as non-distinctive signs can acquire distinctiveness through use in trade, trademark owners will invest in appealing signs which give them a competitive advantage. An investment-based approach would further facilitate this process. Moreover, if national courts do not proactively refer to the need to keep signs freely available in their infringement assessment, the trademark system may finally develop into a self-servicing mechanism for the industry. In this marketplace, newcomers have less chance.

As the case analysis surrounding the three-stripe motif illustrates, since *Adidas/Marca*, several courts seem to have followed this investment-based direction. Having said this, case law analysis for this article was restricted to three-stripe motifs. However, the same problem is conceivable with regard to other signs. Exclusive trademark rights on descriptive, cultural and non-traditional signs may also generate obstacles for competition, since these signs also give trademark proprietors a competitive advantage from the sign as such.⁴⁴⁷

The confusion analysis must therefore be recalibrated. In order to provide enough room for the concerns of trademark owners and competitors (and ultimately also consumers), it is essential to apply normative corrections not only in favour of trademark owners but also in favour of competitors. The *Adidas/Marca* case must be revisited and the need to keep free must be recognised as an additional factor in the confusion analysis.

References

- Albrecht F (1999) Sprachwissenschaftliche Erkenntnisse im markenrechtlichen Registerverfahren. Dissertation, Münster (Westf.) University
- Bloch PH (1995) Seeking the ideal form: product design and consumer response. *J Mark* 59(3):16–29
- Boes U, Deutsch V (1996) Die “Bekanntheit” nach dem neuen Markenrecht und ihre Ermittlung Durch Meinungsumfragen. *GRUR* 3:168–173
- Bone RG (2006) Hunting goodwill: a history of the concept of goodwill in trademark law. *Boston Univ Law Rev* 86:547–622
- Burrell R, Gangjee D (2010) Trade marks and freedom of expression: a call for caution. *IIC* 41:544
- Calboli I (2018) Hands off “my” colors, patterns, and shapes! How non-traditional trademarks promote standardization and may negatively impact creativity and innovation. In: Calboli I,

the contrary, the trademark owner can keep the profits of the success of his marketing campaigns for himself. See Kur and Senftleben (2017), p. 20; Dogan and Lemley (2005), pp. 493, 505; Calboli (2018), pp. 292–293.

⁴⁴⁴ Kur and Senftleben (2017), pp. 4, 329. See Senftleben et al. (2015), pp. 337, 341.

⁴⁴⁵ Calboli (2018).

⁴⁴⁶ See also Calboli (2018), p. 293; Gibson (2007), pp. 907–908, 912, 916.

⁴⁴⁷ See Senftleben (2018), p. 309; Calboli (2018), p. 287; Ramsey (2003); Cancellation Division, judgment of 22 May 2019, No. 14 145 C, *Van Haren Schoenen/Christian Louboutin*.

- Senftleben MRF (eds) *The protection of non-traditional trademarks. Critical perspectives.* Oxford University Press, Oxford
- Carter SL (1990) The trouble with trademark. *Yale Law J* 99:762
- Celsi RL, Olson JC (1988) The role of involvement in attention and comprehension processes. *J Consum Res* 15:210–224
- Cohen Jehoram T, van Nispen CJC, Huydecoper JLRA (2010) *European trademark law. Community trademark law and harmonized national trademark law.* Kluwer International, Alphen aan den Rijn
- Creusen MEH, Schoormans JPL (2005) The different roles of product appearance in consumer choice. *J Prod Innov Manag* 22:63
- David L, Frick MR (2017) *Basler Kommentar. Markenschutzgesetz. Wappenschutzgesetz.* Helbing Lichtenhahn Verlag, Basel
- Desai D (2018) Should trademark law protect non-traditional trademarks? A look at how marketing practices try to capture essences. In: Calboli I, Senftleben MRF (eds) *The protection of nontraditional trademarks. Critical perspectives.* Oxford University Press, Oxford
- Dinwoodie GB, Gangjee DS (2016) The image of the consumer in European trade mark law. In: Leczykiewicz D, Weatherill S (eds) *The image(s) of the consumer in EU law.* Hart Publishing, Oxford
- Dogan SL, Lemley MA (2004) Trademarks and consumer search costs on the internet. *Houst Law Rev* 41(3):777–838
- Dogan SL, Lemley MA (2005) The merchandising right: fragile theory or fait accompli. *Emory Law J* 54(1):461–506
- Economides NS (1988) The economics of trademarks. *Trademark Rep* 78:523–539
- Fhima I, Denvir C (2015) An empirical analysis of the likelihood of confusion factors in European trade mark law. *IIC* 46:310–339
- Foxman ER, Muehling DD, Berger PW (1990) An investigation of factors contributing to consumer brand confusion. *J Consum Aff* 24(1):170–189
- Gangjee DS (2013) Property in brands. *LSE Law, Society and Economy working papers* 8
- Gentry JW, Putrevu S, Shultz CJ (2006) The effects of counterfeiting on consumer search. *J Consum Behav* 5(3):245–256
- Gibson J (2007) Risk aversion and rights accretion in intellectual property law. *Yale Law J* 116(5):882–951
- Griffiths A (2008) A law-and-economics perspective on trade marks. In: Bently L, Davis J, Ginsburg J (eds) *Trade marks and brands, an interdisciplinary critique.* CUP, Cambridge
- Han YJ, Nunes JC, Drèze X (2010) Signaling status with luxury goods: the role of brand prominence. *J Mark* 74(4):15–30
- Hughes J (2015) Cognitive and aesthetic functionality in trademark law. *Cardozo Law Rev* 36(4):1227–1286
- Jacoby J (2001) The psychological foundations of trademark law: secondary meaning, genericism, fame, confusion and dilution. *Trademark Rep* 91:1013–1071
- Kabel JJC (2005) *Rechter en publieksopvattingen: feit, fictie of ervaring? Over de beoordeling door de rechter van commerciële communicatie.* Otto Cramwinkel Uitgever, Amsterdam
- Kur A (2018) Yellow dictionaries, red banking services, some candies, and a sitting bunny. Protection of color and shape marks from a German and European perspective. In: Calboli I, Senftleben MRF (eds) *The protection of non-traditional trademarks. Critical perspectives.* Oxford University Press, Oxford

- Kur A, Senftleben MRF (2017) *European trade mark law. A commentary*. Oxford University Press, Oxford
- Landes WM, Posner LA (2003) *The economic structure of intellectual property law*. Harvard University Press, Cambridge
- Lee AY (2002) Effects of implicit memory on memory-based versus stimulus-based brand choice. *J Mark Res* 39:440–454
- Lee TR, DeRosia ED, Christensen GL (2008) Sophistication, bridging the gap, and the likelihood of confusion: an empirical and theoretical analysis. *Trademark Rep* 98:913
- Max Planck Institute for Intellectual Property and Competition Law (2011) *Study on the overall functioning of the European trade mark system*, Munich
- McGeeveran W (2008) Four free speech goals for trademark law. *Fordham Intellect Prop Media Entertain Law J* 18:1205
- McKenna MP (2007) The normative foundations of trademark law. *Notre Dame Law Rev* 82(5):1899
- Naser MA (2009) Trade marks and freedom of expression. *IIC* 40:188
- Oneto S, Sundie JM (2006) Perceptions of counterfeit consumers. *Advances in Consumer Research* 33(1):341–342
- Phillips J (2003) *Trade mark law. A practical anatomy*. Oxford University Press, New York
- Phillips J (2005) Trade mark law and the need to keep free. *Intellectual property monopolies have their limits*. *IIC* 36:389–401
- Ramsey LP (2003) Descriptive trademarks and the first amendment. *Tenn Law Rev* 70:1095
- Ramsey L, Schovsbo J (2013) Mechanisms for limiting trade mark rights to further competition and Free speech. *IIC* 44(6):671–700
- Raßmann C (1997) Verwechslungsgefahr und Schutzzumfang im neuen Markenrecht – ein völliger Neubeginn? *GRUR* 8/9:580–591
- Risthaus S (2007) *Erfahrungssätze im Kennzeichenrecht*. Note 52. Carl Heymanns Verlag GmbH, Cologne/Munich
- Sakulin W (2011) *Trademark protection and freedom of expression: an inquiry into the conflict between trademark rights and freedom of expression under European law*. Kluwer Law International, Alphen aan den Rijn
- Schwartz B (2004) *The paradox of choice. Why more is less*. HarperCollins, New York
- Seibt K (2002) Das europäische Verbraucherleitbild – ein Abschied von der “Verwechslungsgefahr als Rechtsfrage”? *GRUR* 6:465–472
- Senftleben MRF (2013) Adapting EU trade mark law to new technologies – back to basics? In: Geiger C (ed) *Constructing European intellectual property: achievements and new perspectives*. Edward Elgar Publishing, Cheltenham, pp 137–176
- Senftleben MRF (2015) Free signs and free use: how to offer room for freedom of expression within the trademark system. In: Geiger C (ed) *Research handbook on human rights and intellectual property*. Edward Elgar Publishing, Cheltenham, pp 354–376
- Senftleben MRF (2018) A clash of culture and commerce. Non-traditional marks and the impediment of cyclic cultural innovation. In: Calboli I, Senftleben M (eds) *The protection of non-traditional trademarks. Critical perspectives*. Oxford University Press, Oxford
- Senftleben MRF, Bentley L, Dinwoodie G, Geiger C, Griffiths J et al (2015) The recommendation on measures to safeguard freedom of expression and undistorted competition: guiding principles for the further development of EU trade mark law. *EIPR* 37:337–343
- Simon Fhima I (2013) Trade marks and free speech. *IIC* 44:293–321
- Solomon M, Bamossy G, Askegaard S, Hogg MK (2008) *Consumentengedrag*. Pearson Prentice Hall, Amsterdam
- Strasser M (2000) The rational basis of trademark protection revisited: putting the dilution doctrine into context. *Fordham Intellect Prop Media Entertain Law J* 10:379–382

- Ströbele P (1991) Verwechslungsgefahr und Schutzzumfang. In: Beier F-K et al (eds) Festschrift zum hundertjährigen Bestehen der Deutschen Vereinigung für gewerblichen Rechtsschutz und Urheberrecht, vol 2. VCH, Weinheim
- Szmigin I, Piacentini M (2015) Consumer behaviour. Oxford University Press, Oxford
- van de Kamp GJ (1999) Is het drie-strepen-merk te bekend? IER 3:101–104
- van Horen F (2010) Breaking the mould on copycats: what makes product imitation strategies successful? CentER, Tilburg
- van Horen F, Stapel DA, Pieters R (2006–2007) Over het belang van vormen in de waarneming van merken. BMM Bull 4(32):166–170
- Veryzer RW Jr, Hutchinson JW (1998) The influence of unity and prototypicality on aesthetic responses to new product designs. J Consum Res 24(4):374–394
- Vierheilig W (1982) “Ernsthafte Verwechslungsgefahr?” Überlegungen zu europäischen Reformbestrebungen im Markenrecht. GRUR Int 8/9:506–511
- Weatherall K (2017) The consumer as the empirical measure of trade mark law. MLR 80(1):57–87
- Wilf S (1999) Who authors trademarks? Cardozo Arts Entertain 17:1–46
- Zimmerli A (1975) Der markenrechtlich erforderliche Zeichen- und Warenabstand insbesondere zur sogenannten berühmten Marke. Dissertation, Zürich

5 The Fairy Tale of the Average Consumer: Why We Should Not Rely on the Real Consumer When Assessing the Likelihood of Confusion

The present chapter considers whether the confusion analysis in trademark law is at risk of being used strategically as a self-servicing mechanism by the industry to obtain trademark rights to descriptive, cultural and non-traditional signs. In this context, two features of the trademark system are particularly worrisome. First, trademark owners can strengthen the distinctive character of their marks by investing in marketing and branding campaigns. Second, trademark owners can afford expensive surveys demonstrating the high distinctiveness of their marks and strengthening their position in an infringement case. A study of 189 Dutch cases reveals that in the likelihood-of-confusion assessment, the degree of a mark's distinctiveness and corresponding empirical findings can have a deep impact. However, the study also shows that descriptive, cultural and non-traditional signs were not often disputed. In practice, the risk of misappropriating these signs might therefore be limited. In some cases, however, trademark owners did succeed in achieving a broad scope of protection regarding descriptive, cultural and non-traditional signs. Therefore, national courts should have more room to make normative corrections in favour of freedom-of-competition interests. This would allow judges to prevent trademark owners from achieving unjustified economic advantages flowing from these signs.

5.1 Introduction

A central question in trademark infringement cases is whether the defendant's sign is identical or similar to the claimant's trademark and therefore likely to confuse the average consumer as to the origin of the goods or services.⁴⁴⁸ If the judge answers in the affirmative, the trademark owner can prohibit the defendant from using the sign that has been found to be confusingly similar. Because of the crucial role of consumer perception and its deep impact on the infringement analysis, it is of utmost importance to be clear about how we assess a likelihood of confusion.

Should we assess consumer behaviour factually (empirical approach), or should we leave room for assumptions about how consumers ought to behave in the marketplace (normative approach)?⁴⁴⁹ In either approach, national courts have considerable freedom to

* This chapter is based on: Anemaet, L (2020) The Fairy Tale of the Average Consumer: Why We Should Not Rely on the Real Consumer When Assessing the Likelihood of Confusion. *GRUR Int* 69(10):1008-1026. <https://doi.org/10.1093/grurint/ikaa109>. See also: Anemaet, L (2019) *Beslissen in sub b zaken: hoe beoordelen rechters of een consument in verwarring is of niet?* *Berichten industriële eigendom* 3:122-131.

⁴⁴⁸ See para 16 of the Preamble of the TMD 2015 (Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2015] OJ L336/1). See also para 11 of the Preamble of the EUTMR (Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification) [2017] OJ L154/1). In practice, the anti-confusion provision has been the most frequently used tool in infringement cases (art 10(2)(b) TMD 2015 and art 9(2)(b) EUTMR). See Paul GFA Geerts and Anne Marie E Verschuur (eds), *Kort Begrip van het Intellectuele Eigendomsrecht* (13th edn, Wolters Kluwer 2018) 312.

⁴⁴⁹ Graeme B Dinwoodie and Dev S Gangjee, 'The Image of the Consumer in European Trade Mark Law' in Dorota Leczykiewicz and Stephen Weatherill (eds), *The Images of the Consumer in EU Law* (Hart Publishing

substantiate their decisions with normative considerations and empirical findings. After all, according to the CJEU, the judge must assess the likelihood of confusion globally, taking into account all factors relevant to the circumstances of the case.⁴⁵⁰

This chapter addresses the potential risk of overreliance on empirical findings. Without normative corrections, EU trademark law may become a self-servicing mechanism for the industry. The infringement analysis may especially become imbalanced if judges were only interested in empirical studies seeking to demonstrate the existence of a likelihood of confusion or the reputation of the trademark.⁴⁵¹

Trademark owners often have the financial resources necessary to invest in expensive marketing campaigns to educate consumers to perceive a sign as a source identifier. The more a trademark owner invests in advertising presenting a sign as an identifier of commercial source, the broader will be the scope of protection. Consumers will view a trademark more positively after repeated exposure.⁴⁵² The more the trademark is seen as a symbol of a desirable lifestyle, the more willing consumers will be to pay extra for the brand image that the trademarked product evokes.⁴⁵³ The stronger a trademark, the easier it is to prove a likelihood of confusion.⁴⁵⁴

2018) 345. For example, the CJEU's assumption that consumers are not in the habit of perceiving colours and shapes as trademarks is a normative correction of the factual circumstances. See for example Case C-218/01 *Henkel* ECLI:EU:C:2004:88, para 49; Case C-136/02 P *Mag Instrument v BHIM* ECLI:EU:C:2004:592, para 31; Case C-173/04 P *Deutsche SiSi-Werke v BHIM* ECLI:EU:C:2006:20, para 31; Case C-104/01 *Libertel* ECLI:EU:C:2003:244; Case C-49/02 *Heidelberger Bauchemie GmbH* ECLI:EU:C:2004:384, para 39.

⁴⁵⁰ Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, para 22. For example, how a trademark is used (eg in a particular colour) plays a role in the global appreciation of the likelihood of confusion (Case C-252/12 *Specsavers* ECLI:EU:C:2013:497, paras 38, 41).

⁴⁵¹ Recognition of a trademark on the market is first mentioned as a relevant infringement factor in para 16 of the Preamble of the TMD 2015. This may indicate the high value attached to the factor of distinctiveness. See also para 11 of the Preamble of the EUTMR.

⁴⁵² The 'mere exposure effect' means that the mere repeated exposure of an individual to a stimulus object will enhance his attitude towards it. Humans easily develop strong preferences for an object that has become familiar through repeated exposure (William R Kunst-Wilson and Robert B Zajonc, 'Affective discrimination of stimuli that cannot be recognized' 207 *Science* 557 (1980); Laura R Bradford, 'Emotion, Dilution and the Trademark Consumer' (2008) 23 *Berkeley Technology Law Journal* 1227, 1267; Robert B Zajonc, 'Attitudinal effects of mere exposure' (1968) 9(2) *Journal of Personality and Social Psychology* 1, 23. See also Richard L Moreland and Scott R Beach, 'Exposure effects in the classroom: The development of affinity among students' (1992) 28 *J Exp Soc Psychol* 255; Hans Hoeken, *Het ontwerp van overtuigende teksten. Wat onderzoek leert over de opzet van effectieve reclame en voorlichting* (Uitgeverij Coutinho 1998) 39. Consumers attribute the positive feeling caused by the ease with which they recognise the product to the product's features (Nathan Novemsky and others, 'Preference fluency in choice' (2007) 44 *Journal of Marketing Research* 347; Rolf Reber, Norbert Schwarz and Piotr Winkielman, 'Processing Fluency and Aesthetic Pleasure: Is Beauty in the Perceiver's Processing Experience?' (2004) 8 *Personality and Social Psychology Review* 364; Hyunjin Song and Norbert Schwarz, 'If It's Difficult to Pronounce, It Must Be Risky: Fluency, Familiarity, and Risk Perception' (2009) 20(2) *Psychological Science* 135; Bradford (n 452) 1234).

⁴⁵³ Studies suggest that consumers act like 'cognitive misers' which means they use the least amount of cognitive effort when choosing a product. Emotional impulses arise automatically such that the least costly way to decide which product to buy is using these emotional impulses as a heuristic. Emotion plays an important role in low-involvement processing situations where consumers have few cognitive resources for purchasing decisions because of lack of time, information or motivation. But also if consumers think more thoroughly, their decisions are largely driven by the unconscious part of the brain. See George Lakoff, *The Political Mind. A Cognitive Scientist's Guide to Your Brain and Its Politics* (Viking Penguin 2009) 197; John A Bargh, 'Our unconscious

Research suggests that the success of a well-known mark is primarily related to its familiarity and not so much to the characteristics of the product itself. Besides, consumers are also inclined to interpret information in line with their expectations. If a consumer has positive feelings towards a particular trademark, she/he will also interpret following exposures to the trademark positively. Familiarity is therefore a strong predictor of consumer decisions.⁴⁵⁵ Hence, there is the prospect of an attractive return on investment. Furthermore, trademark owners can invest in expensive empirical studies to demonstrate a highly distinctive character and the existence of a likelihood of confusion.

A system biased towards trademark owners' investments could harm competitors' freedom of competition. Exclusive trademark rights on fantasy marks and other fanciful forms of marks need not create substantial entrance barriers for competitors, but descriptive, cultural and non-traditional signs do.⁴⁵⁶ These signs give trademark owners economic advantages that go beyond their own investment in the sign, and should be kept freely available for competitors on the market.⁴⁵⁷

It is, however, unclear to what extent trademark owners strategically use the current trademark system to strengthen their own gains in this way. To bring light into the darkness, several cases will be analysed to explore how precisely national courts assess likelihood-of-confusion questions in practice and whether they follow a more normative or empirical approach to consumer perception.

I first discuss the rationales of trademark law in the following Section II. In Section III, I offer an overview of previous empirical studies of infringement cases. Section IV describes the methodology that was followed. In Section V, I present the results of the

mind' (2014) 310(1) *Sci Am* 30; Ap Dijksterhuis, *Het Slimme Onbewuste. Denken met Gevoel* (32nd edn, Bert Bakker 2012); Owen D Jones and Timothy Goldsmith, 'Law and Behavioral Biology' (2005) 105 *Columbia Law Rev* 405, 438-439; Antoine Bechara and Antonio R Damasio, 'The Somatic Marker Hypothesis: A Neural Theory of Economic Decision' (2005) 52 *Games Econ Behav* 336, 340; Antonio R Damasio, *Descartes' Error: Emotion, Reason, and the Human Brain* (Avon Books 1994) 193-194; Bradford (n 451) 1237, 1260-1261; Paul Slovic and others, 'Rational Actors or Rational Fools: Implications of the Affect Heuristic for Behavioral Economics' (2002) 31 *J Soc Eco* 329, 332; Steven Pinker, *How the mind works* (WW Norton & Company 1997) 370-374; Robert B Zajonc, 'Feeling and Thinking: Preferences Need No Inferences' (1980) 35 *Am Psychol* 151, 157; John A Bargh, 'The automaticity of everyday life' in Robert S Wyer (ed), *The automaticity of everyday life: advances in social cognition*, vol X (Psychology Press 1997) 1-61; Maria G IJzermans, *De Overtuigingskracht van Emoties bij het Rechterlijk Oordeel. Een Theoretisch Onderzoek* (Boom Juridische Uitgevers 2011) 173.

⁴⁵⁴ See also William E Gallagher and Ronald C Goodstein, 'Inference Versus Speculation in Trademark Infringement Litigation: Abandoning the Fiction of the Vulcan Mind Meld' (2004) 94 *Trademark Rep* 1229, 1246-47, 1250-52, 1266-67.

⁴⁵⁵ Bradford (n 452) 1265, 1268.

⁴⁵⁶ Max Planck Institute for Intellectual Property and Competition Law, 'Study on the Overall Functioning of the European Trade Mark System' 52 (2011) <https://www.ip.mpg.de/fileadmin/IP/pdf2/mpi_final_report_with_synopsis.pdf> accessed 6 July 2020.

⁴⁵⁷ Lisa P Ramsey, 'Descriptive Trademarks and the First Amendment' (2003) 70 *Tennessee Law Review* 1095, 1155; Irene Calboli, 'Hands Off "My" Colors, Patterns, and Shapes! How Non-Traditional Trademarks Promote Standardization and May Negatively Impact Creativity and Innovation' in Irene Calboli and Martin RF Senfleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 288, 305; Martin RF Senfleben, 'Public Domain Preservation in EU Trademark Law – A Model for Other Regions?' (2013) 103 *Trademark Reporter* 775, 815; Annette Kur and Martin RF Senfleben, *European Trade Mark Law. A Commentary* (OUP 2017) 4.

empirical analysis of 189 Dutch cases. A more detailed analysis of the results follows in Section VI. I also discuss an exemplary study of UK cases (Section VII) to find out whether similar conclusions can be drawn from other trademark systems relying on CJEU jurisprudence. Section VIII concludes.

5.2 Trademarks and Free Competition

The main function of trademark law is to ensure market transparency. In a transparent market, distinctive signs exclusively indicate goods or services from a single source of origin. In such a marketplace, trademark proprietors can clearly identify their offer, and consumers can quickly identify and choose their preferred goods or services. Signs that deceive consumers reduce the efficiency of the market because consumers inevitably purchase the wrong product. From an economic perspective, trademarks reduce consumers' search costs.⁴⁵⁸

In addition, distinctive marks encourage trademark owners to keep investing in product quality. If trademark owners lower their products' quality, consumers are likely to be disappointed and may subsequently purchase another product. In particular with regard to unobservable product features, consumers are dependent on trademarks. Without trademark protection competitors would mainly invest in product features that consumers can observe and consumers would only pick by chance their preferred product. Furthermore, a transparent market offers the public's preferred goods and services and does so in sufficient supply.⁴⁵⁹

In order to ensure market transparency, we therefore seem to need strong trademark protection that prevents competitors from producing confusingly similar signs. Broad trademark protection encourages trademark proprietors to massively invest in marketing and branding campaigns resulting in lower search costs for consumers, and sufficient quality of available products. From this perspective, granting strong trademark protection seems entirely unproblematic.

However, to achieve undistorted competition, trademark protection must always be balanced against other core values, such as free expression that enhances consumer information and consumer choice,⁴⁶⁰ and free competition that prevents unnecessary market entry barriers. The recognition of a need to keep signs freely available offers competitors

⁴⁵⁸ Andrew Griffiths, 'A Law-and-Economics Perspective on Trade Marks' in Lionel Bently, Jennifer Davis and Jane C Ginsburg (eds), *Trade Marks and Brands, an Interdisciplinary Critique* (CUP 2008) 246; Robert G Bone, 'Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law' (2006) 86 Boston University Law Review 547, 555; Mathias Strasser, 'The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context' (2000) 10 Fordham Intellectual Property, Media & Entertainment Law Journal 375, 379-382; Stephen L Carter, 'The Trouble with Trademark' (1990) 99 Yale Law Journal 759, 762; William M Landes and Richard A Posner, *The Economic Structure of Intellectual Property Law* (Harvard University Press 2003) 166-168; Stacey L Dogan and Mark A Lemley, 'The Merchandising Right: Fragile Theory or Fait Accompli' (2005) 54 Emory L J 461, 466-467; Mark P McKenna, 'The Normative Foundations of Trademark Law' (2007) 82 Notre Dame Law Rev 1839, 1844; Kur and Senftleben (n 457) 6-7; Nicholas S Economides, 'The Economics of Trademarks' (1988) 78 Trademark Rep 523, 526.

⁴⁵⁹ Kur and Senftleben (n 457) 7-9; Economides (n 458) 526; Landes and Posner (n 458) 166-168; Andrew Griffiths, *An Economic Perspective on Trade Mark Law* (Edward Elgar 2011) 64 and 285.

⁴⁶⁰ See Isabelle Szegin, Maria G Piacentini, *Consumer Behaviour* (OUP 2015) 107-108; Barry Schwartz, *The Paradox of Choice. Why More is Less* (HarperCollins 2004).

equal access to communication tools that can be used to inform consumers about product characteristics and compete for market shares.⁴⁶¹

The fundamental principle of the need to keep free is reflected in several provisions in the Trade Mark Directive and the EU Trade Mark Regulation and recognised by the CJEU in several cases.⁴⁶² For example, signs that fall under the grounds for refusal are excluded from trademark protection.⁴⁶³ Furthermore, it must be shown that the use of the sign is made ‘in the course of trade’ and ‘in relation to goods or services’. These protection requirements ensure that trademark rights do not affect social and cultural forms of use. The likelihood-of-confusion provision is directly related to the preservation of fair and undistorted competition.⁴⁶⁴

Trademark limitations also aim to strike a balance between trademark proprietor’s interests and free movement of goods and services within the internal market, and the competitor’s interests in using a sign for legitimate purposes in accordance with honest practices. For instance, third parties are allowed to use descriptive signs identical or similar to protected trademarks or their components, where the trademark proprietor’s legitimate interests are not adversely affected.⁴⁶⁵

In principle, trademark law and free competition do not conflict with one another. Trademarks provide information about the commercial source of goods or services and enable consumers to repeat satisfactory purchases. Trademark owners are stimulated to keep the quality of their goods or services high and to invest in their goods and services. Competitors

⁴⁶¹ Max Planck Institute (n 456) 51; Jeremy Phillips, ‘Trade Mark Law and the Need to Keep Free. Intellectual Property Monopolies Have Their Limits’ 36 IIC 389, 392 (2005); Kur and Senftleben (n 457) 22-23; Martin RF Senftleben and others, ‘The Recommendation on Measures to Safeguard Freedom of Expression and Undistorted Competition: Guiding Principles for the Further Development of EU Trade Mark Law’ (2015) 37 EIPR 337; Wolfgang Sakulin, *Trademark Protection and Freedom of Expression: An Inquiry into the Conflict between Trademark Rights and Freedom of Expression under European Law* (Kluwer Law International 2011); Lisa P Ramsey and Jens Schovsbo, ‘Mechanisms for Limiting Trade Mark Rights to Further Competition and Free Speech’ (2013) 44 IIC 671; Ilanah Simon Fhima, ‘Trade Marks and Free Speech’ (2013) 44 IIC 293; Robert Burrell and Dev Gangjee, ‘Trade Marks and Freedom of Expression: A Call for Caution’ (2010) 41 IIC 544; Mohammad A Naser, ‘Trade Marks and Freedom of Expression’ (2009) 40 IIC 188; William McGeeveran, ‘Four Free Speech Goals for Trademark Law’ (2008) 18 Fordham Intell Prop Media & Ent LJ 1205; Cases C-236/08-238/08 *Google France and Google* ECLI:EU:C:2009:569, Opinion of AG Poiares Maduro, para 102: ‘whatever the protection afforded to innovation and investment, it is never absolute. It must always be balanced against other interests, in the same way as trade mark protection itself is balanced against them. I believe that the present cases call for such a balance as regards freedom of expression and freedom of commerce.’

⁴⁶² Case C-108/97, C-109/97 *Windsurfing Chiemsee* ECLI:EU:C:1999:230, para 26; Case C-48/09 P *Lego Juris v BHIM* ECLI:EU:C:2010:516, paras 56-57; Case C-25/05 P *August Storck v BHIM* ECLI:EU:C:2006:422, para 29; Case C-97/12 P *Louis Vuitton v BHIM* ECLI:EU:C:2014:324; Case C-218/01 *Henkel* ECLI:EU:C:2004:88, para 49; Case C-53/01-C-55/01 *Linde* ECLI:EU:C:2003:206, para 49; Case C-104/01 *Libertel* ECLI:EU:C:2003:244, para 55.

⁴⁶³ art 4 TMD 2015 and art 7 EUTMR.

⁴⁶⁴ Martin RF Senftleben, ‘Free Signs and Free Use: How to Offer Room for Freedom of Expression Within the Trademark System’ in Christophe Geiger (ed), *Research Handbook on Human Rights and Intellectual Property* (Edward Elgar 2015). In addition, protecting trademarks with a reputation beyond likelihood of confusion, namely against unfair advantage being taken of their distinctive character and reputation is justified because, and insofar as, this contributes to the creation and preservation of a system of undistorted competition.

⁴⁶⁵ *ibid.*

can choose a different sign if they want to freely offer their goods and services on the market.⁴⁶⁶

However, in practice, competition can only be neutral if the appropriation of the sign as such does not grant trademark owners a competitive advantage from which third parties are excluded. This requirement is largely fulfilled with respect to (fantasy) word marks and other traditional forms of trademarks. These signs are often available in sufficient supply,⁴⁶⁷ such that third parties do not experience entrance barriers in competing with similar products and services.⁴⁶⁸

By contrast, descriptive, cultural and non-traditional signs are not available in unlimited numbers. Exclusive trademark rights may affect the availability of these signs on the market and generate obstacles to competition.

A trader who has acquired exclusive rights in a word that describes a positive feature of a good obtains an unfair economic advantage because consumers easily understand what this trademark stands for.⁴⁶⁹ The costs for competitors, by contrast, are higher. They must inform consumers of the fact that their goods have this same feature while not enjoying the freedom of using the descriptive word as a mark in their brand name or advertising.⁴⁷⁰ Appealing signs, such as colours, patterns and shapes contribute to the style and appearance of a specific product and therefore also give trademark proprietors a competitive advantage that goes beyond the sign as such.⁴⁷¹ Cultural signs may evoke positive associations which

⁴⁶⁶ Max Planck Institute (n 456) 52.

⁴⁶⁷ However, in an empirical study, Beebe and Fromer (2018) found that the supply of word marks that are at least reasonably competitively effective as trademarks is limited and exhaustible. According to them, new trademark applicants are increasingly being forced to reach for second-best, less competitive trademarks. See Barton Beebe and Jeanne C Fromer, 'Are We Running out of Trademarks? An Empirical Study of Trademark Depletion and Congestion' (2018) 131 Harv L Rev 945, 951.

⁴⁶⁸ Max Planck Institute (n 456) 52.

⁴⁶⁹ See for example the trademark 'Kinder' for chocolate products (transl. 'children'). Consumers will easily understand what this trademark stands for, namely chocolate products produced especially for children. This trademark refers to the target group of the trademark (INT registration 298866 of 14 June 2005). See also Benelux Court of Justice, 15 May 1981, Berichten Industriële Eigendom 1981, 145 comment vdZ (*Kinder*).

⁴⁷⁰ Nevertheless, third parties are allowed to use descriptive signs identical or similar to protected trademarks or their components, where the trademark proprietor's legitimate interests are not adversely affected (art 14(1)(b) TMD 2015; art 14(1)(b) EUTMR). However, the use of the sign is only justified if it is in accordance with honest commercial practices; a principle which constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner. Since the limitations are substantially informed by factors reflecting the infringement criteria, such as consumer confusion, the use of similar signs is more likely to contrast with honest commercial practices the more has been invested in a particular sign. See also Annette Kur, 'Yellow Dictionaries, Red Banking Services, Some Candies, and a Sitting Bunny. Protection of Color and Shape Marks from a German and European Perspective' in Irene Calboli and Martin RF Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 105. For example, in the *Kinder* case third parties had to litigate to the highest German Court in order to be able to use a descriptive sign in relation to their goods and services, which illustrates that third parties do not necessarily have a right to use this descriptive sign (German BGH, 20 September 2007, GRUR 2007, 1066, 1071 – *Kinder II*). See also Economides (n 458) 538; Lee B Burgunder, 'An Economic Approach to Trademark Genericism' (1985) 23 American Business Law Journal 391, 404.

⁴⁷¹ Max Planck Institute (n 456) 52.

they have as a result of their evolution in the literary and artistic domain. Adopting such a sign, the trademark owner can benefit from these pre-existing connotations.⁴⁷²

Trademark rights on these signs are likely to hinder innovation and encourage standardisation.⁴⁷³ Competitors might be afraid of risking a legal procedure and as a result avoid using particular signs on their products.⁴⁷⁴ In addition, brand owners have been obliged to use the same signs to keep the recognition level among consumers high. This could consequently lead to fewer investments in long-term product quality and the development of new products.⁴⁷⁵ As long as descriptive, cultural and non-traditional signs can acquire distinctiveness through use in trade,⁴⁷⁶ trademark owners will invest in these appealing signs which give them a competitive advantage.

In light of this, it is worrisome to see trademark owners strategically using the current trademark system to achieve the desired degree of protection. This has been particularly true since the *Adidas/Marca* case, in which the CJEU explicitly refused to consider the need to keep signs freely available for competitors on the market in the context of the confusion analysis.⁴⁷⁷ As a result, national courts are not allowed to make normative corrections in favour of freedom-of-competition interests in the likelihood-of-confusion assessment. If trademark owners succeed in making descriptive, cultural and non-traditional signs a source identifier, they achieve an overbroad competitive advantage over third parties. We must therefore be cautious when giving weight to empirical findings. Trademark owners can strengthen the distinctive character of their marks by investing in marketing and branding campaigns. If the infringement analysis automatically rewards these investments by granting

⁴⁷² Martin RF Senftleben, 'Vigeland and the Status of Cultural Concerns in Trade Mark Law – The EFTA Court Develops More Effective Tools for the Preservation of the Public Domain' (2017) 48 IIC 683, 697; Katya Assaf, 'Der Markenschutz und seine kulturelle Bedeutung: Ein Vergleich des deutschen mit dem US-amerikanischen Recht' GRUR Int 2009, 1, 2-3; Caspar van Woensel, *Merk, God en Verbod. Oneigenlijk Gebruik en Monopolisering van Tekens met een Grote Symbolische Waarde* (deLex 2007).

⁴⁷³ Calboli (n 457).

⁴⁷⁴ See also: Calboli (n 457) 293. The more national courts give space to empirical factors in the infringement analysis, the more trademark owners are willing to support confusion claims with consumer studies, which will confirm that consumers are indeed confused when confronted with a similar sign. See also James Gibson, 'Risk Aversion and Rights Accretion in Intellectual Property Law' (2007) 116 Yale LJ 882, 907-908, 912, 916.

⁴⁷⁵ Calboli (n 457) 288. See also Jamil Ammar, *Think Consumer: The Enforcement of the Trade Mark Quality Guarantee Revisited, A Legal and Economic Analysis* (Cambridge Scholars Publishing 2011) 1, 13, 18; Griffiths (n 458) 253; Jessica Litman, 'Breakfast with Batman: The Public Interest in the Advertising Age' (1999) 108 Yale Law Journal 1717; Jonathan Aldred, 'The Economic Rationale of Trade Marks: An Economist's Critique' in Lionel Bently, Jennifer Davis and Jane Ginsburg (eds), *Trade Marks and Brands, an Interdisciplinary Critique* (CUP 2008) 271, 274; Ralph S Brown, 'Advertising and the Public Interest: Legal Protection of Trade Symbols' (1999) 57 Yale Law Journal 1165; Glynn S Lunney, 'Trademark Monopolies' (1999) 48 Emory Law Journal 367, 437-439: Branded goods are not necessarily high-quality products. Broad brand protection might encourage traders to improve the advertising and persuasive value of their marks instead of maintaining and improving the quality of the product in question.

⁴⁷⁶ See arts 4(4) TMD 2015, 6^{quinquies}(C)(1) Paris Convention and 15(1) TRIPS Agreement. See also Case C-108/97, C-109/97 *Windsurfing Chiemsee* ECLI:EU:C:1999:230, paras 44-45. Unlike absolute grounds for refusal based on public policy or principles of morality and signs of high symbolic value, and functional shapes or characteristics which cannot be overruled by demonstrating acquired distinctiveness through use in trade, non-distinctive, descriptive and generic signs can be registered if consumers perceive these signs as a badge of origin.

⁴⁷⁷ Case C-102/07 *Adidas v Marca* ECLI:EU:C:2008:217, para 30.

broader protection, we are quite close to a self-servicing mechanism that allows trademark owners to shape consumer perception in a way that makes it possible to claim trademark rights to descriptive, cultural and non-traditional signs. Moreover, trademark owners can also afford expensive surveys demonstrating the high distinctiveness of their marks. In this way, they can strengthen their position during an infringement case. Again, this can create a self-servicing mechanism within trademark law.

5.3 Previous Studies

Previous studies have shown that the most important factors were similarity of signs and goods or services. Consumer surveys were not used on a regular basis so the risk of biased decisions favouring trademark owners' investments might be limited. Nevertheless, it cannot be excluded that trademark owners' investments did influence the likelihood-of-confusion assessment. The distinctiveness factor might have played an indirect role in the assessment of similarity of signs.

For example, in an empirical study conducted in the United States, Barton Beebe analysed 331 cases of federal district courts opinions during a five-year period from 2000 to 2004, using a multifactor test for the likelihood of consumer confusion. Beebe found that a number of factors were decisive, while the rest was redundant.⁴⁷⁸ This study revealed that similarity of marks was by far the most influential factor. Two other factors were decisive: the defendant's intent factor, but only when it favoured likelihood of confusion, and the proximity of the parties' good factor, but only when it disfavoured likelihood of confusion.⁴⁷⁹ By contrast, survey evidence played a minor role: it was only submitted in 20% of court decisions.⁴⁸⁰ Furthermore, the inherent strength factor, i.e. the distinction between fanciful, arbitrary, suggestive, descriptive and generic marks was not important in the courts' opinion. On this point, legal doctrine diverged remarkably from the investigated district court cases.

Nevertheless, where courts did address the strength factor, in particular inherent strength, there was a surprisingly strong correlation between inherent strength and success in the multifactor test. In addition, in order to win the multifactor test, it seems that the plaintiff must not lose the strength factor. In most cases where the plaintiff lost this factor, it also lost the overall test. This also seems to apply in reverse: in 90% of the 102 judgments that found a likelihood of confusion, the strength factor favoured this result.⁴⁸¹

In an empirical analysis of likelihood-of-confusion factors in European trademark law, Ilanah Fhima and Catrina Denvir analysed 136 General Court decisions during a three-year period from 2009 to 2012. Fhima and Denvir found that the most important factors were similarity of marks and goods: overall confusion was never found unless both the parties' marks and their goods were similar.⁴⁸²

⁴⁷⁸ Barton Beebe, 'An Empirical Study of the Multifactor Tests for Trademark Infringement' (2006) 94 California Law Review 1581.

⁴⁷⁹ *ibid* 1600.

⁴⁸⁰ *ibid* 1641.

⁴⁸¹ *ibid* 1633-34, 1639.

⁴⁸² Ilanah Fhima and Catrina Denvir, 'An Empirical Analysis of the Likelihood of Confusion Factors in European Trade Mark Law' (2015) 46 IIC 310, 338.

On the contrary, the distinctiveness factor was generally ignored, or deemed irrelevant. Inherent distinctiveness was not considered in 68% of the cases, and acquired distinctiveness was not addressed in 82% of the cases. Inherent distinctiveness only favoured confusion in 7% of the cases where likelihood of confusion was found, as compared to 6% regarding acquired distinctiveness. Nevertheless, the authors suggested that the distinctiveness factor may have had a limited impact because it also played a key role in the similarity of mark analysis via the dominant elements of both parties' signs. In the authors' opinion, it may seem odd to displace the factors of similarity of signs and goods or services with an additional factor that is not fully understood.⁴⁸³

In an empirical study conducted in Australia, Huang, Weatherall and Webster found that survey evidence was rarely used in Australian case law, namely in 10.4% of cases from 1990 to 2010.⁴⁸⁴ Their analysis pointed out that surveys had only limited impact on the results of the cases surveyed.⁴⁸⁵ Graeme Austin also indicated that survey evidence rarely carried weight in trademark infringement cases in the United States.⁴⁸⁶ A Dutch survey among judges of preliminary relief⁴⁸⁷ further showed that in practice, the judges' own perception was the most important basis for the infringement decision, while expert opinions and public studies did not rank very high. Actually, these judges were more likely to have a negative attitude towards empirical evidence because they believed this evidence might be manipulated and contained leading or poorly formulated questions.

In other words, the risk of overreliance on empirical findings might be limited. In previous studies, market analyses were rarely used and seldom decisive to the outcome of the decision. Furthermore, the distinctiveness factor seems to have played a modest role. In these studies, similarity of marks, and goods or services, were the core factors in the likelihood-of-confusion assessment. Nevertheless, the finding that the factor of distinctiveness was not considered in the majority of cases need not imply that it did not impact the outcome of the case. It may be that the distinctiveness factor was not mentioned because the high degree of distinctiveness was self-evident. Furthermore, the distinctiveness factor might have played an indirect role in the assessment of similarity of signs. The global appreciation of the visual, auditory or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.⁴⁸⁸ The more distinctive the trademark, the more similar the marks will be, in particular if the defendant uses the same highly distinctive elements. Therefore, we cannot rule out that trademark owners' high investments in marketing and branding campaigns may yet have a major impact on likelihood-of-confusion cases.

⁴⁸³ *ibid* 330-332.

⁴⁸⁴ Vicki Huang, Kimberlee Weatherall and Elizabeth Webster, 'The Use of Survey Evidence in Australian Trade Mark and Passing Off Cases' in Andrew T Kenyon, Ng-Loy Wee Loon, Megan Richardson (eds), *The Law of Reputation and Brands in the Asia Pacific* (CUP 2012) 199.

⁴⁸⁵ *ibid* 197.

⁴⁸⁶ Graeme W Austin, 'Trademarks and the Burdened Imagination' (2004) 69 *Brooklyn Law Review* 827, 834.

⁴⁸⁷ Dirk JG Visser, 'Beslissen in IE-zaken. Verslag van een Veldonderzoek' (2008) 31 *NJB* 1918.

⁴⁸⁸ Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, para 23.

5.4 Methodology

To uncover the impact of the degree of a mark's distinctiveness and corresponding empirical findings on the likelihood-of-confusion assessment, I performed a data analysis of Dutch cases. In comparison to other EU countries, Dutch cases are of particular interest because of their regional character. The trademark legislation applied by Dutch courts is drawn from a single Treaty – the Benelux Convention on Intellectual Property (Trademarks and Designs) – which has direct effect in three EU Member States.

Furthermore, Benelux law has traditionally been an important element in harmonising EU trademark law. The impact of the Benelux tradition can still be seen in the anti-confusion provision in the EU Trade Mark Directive, which states that 'the likelihood of confusion includes the likelihood of association between the sign and the trade mark'.⁴⁸⁹ This phrase was the result of a political compromise.

Traditionally, the Benelux countries adopted a requirement of association when assessing likelihood-of-confusion cases, which meant that likelihood of confusion was also assumed when consumers merely associated the use of a third party's sign with a trademark. The final phrase in the EU Trade Mark Directive was the result of the efforts of the Benelux countries to include their association requirement in the anti-confusion provision. Nevertheless, the CJEU ruled in the *Puma/Sabel* case that risk of association was a relevant factor, but not sufficient to conclude likelihood of confusion.⁴⁹⁰

Considering this interaction between harmonised Benelux and EU law, it can be deemed an important first step to look at court decisions following from harmonised Benelux law, as reflected in Dutch case law. Providing this groundwork, the current analysis can encourage further studies relating to the situation in other EU Member States.

A total of 189 cases were used in this study. The infringement cases were found in the Dutch databases 'Kluwer Navigator', 'Legal Intelligence'⁴⁹¹ and 'IE-Forum.nl'. The data for the study comprise cases decided by district courts and courts of appeal over the period from 2006 to 2018. This period was chosen because of the availability of electronic sources. The cases were published in *Bijblad Industriële Eigendom* (BIE), *Berichten Industriële Eigendom* (BerichtenIE), *domjur.nl*, *Tijdschrift Intellectuele Eigendom en Reclamerecht* (IER), *NJ Feitenrechtspraak* (NJF), *Rechtspraak.nl*, *Jurisprudentie Geneesmiddelenrecht* (JGR), *Jurisprudentie Burgerlijk Procesrecht* (JBPR), *Nederlandse Jurisprudentie* (NJ), *Officiële Jurisprudentie* (LJN/ECLI), *Rechtspraak van de Week* (RvdW), and IEF.

For an initial selection, generic search terms were entered, such as '*verwarringsgevaar*' (English: 'likelihood of confusion'), '*inbreuk*' (English: 'infringement'), '*verwarring*' (English: 'confusion') and so forth. However, this did not lead to a practicable result. Subsequently, a more refined search method was chosen. The search terms used were

⁴⁸⁹ See Tobias Cohen Jehoram, Constant van Nispen and Toon Huydecoper, *European Trademark Law. Community Trademark Law and Harmonized National Trademark Law* (Kluwer International 2010) 268.

⁴⁹⁰ Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, para 26.

⁴⁹¹ This is an application for third-party databases. I used the application through a license from the Vrije Universiteit Amsterdam. See <<https://www.navigator.nl/>> and <<https://www.legalintelligence.com/>> accessed 6 July 2020.

‘artikel 2.20 lid 1 sub b BVIE’⁴⁹², ‘artikel 9 lid 1 sub b GMVo’⁴⁹³, ‘artikel 9 lid 2 sub b UMVo’⁴⁹⁴ and variants (hereafter ‘sub b’). It can be presumed that courts mention these search terms when assessing the likelihood of confusion, which makes it highly likely that these search terms can be found in similarity cases.

After entering search terms, double cases were filtered out, as were infringement cases that did not contain likelihood-of-confusion questions. For example, the judge did not discuss whether a likelihood of confusion existed. If preliminary questions were referred to the CJEU, the case was also not included. Moreover, Supreme Court cases were not included because the Dutch Supreme Court (Hoge Raad) is not a court that establishes new facts. Finally, bibliographic data were noted, such as the date and citation of the judgment, and the court.

The claimant won when the infringement claim based on sub b was successful. A loss was when the infringement claim had no success. If the trademark owner lost the case because of a limitation of trademark rights, such as freedom of comparative advertising, this was also termed a loss. A win was also coded if the trademark owner won some part of the issues. For example, this scenario would arise where two aspects were claimed to be infringing under sub b, but only one aspect was found to be infringing. Furthermore, when considering court of appeal cases, I looked at the party who was the trademark owner. This was not per definition the same person as the claimant. It was only considered whether or not the anti-confusion claim was successful. The outcome did not say anything about the rest of the claim.

The factors analysed in the present study were: comparison of signs, comparison of goods and services, relevant public and degree of attention, the distinctiveness of the earlier mark, and consumer studies.

Signs were comparatively categorised as ‘identical’, ‘almost identical’, ‘similar’, ‘insufficiently similar’, and ‘not mentioned’. ‘Identical’ was used when the signs were considered to be ‘identical’. ‘Almost identical’ was used when the court found a very strong similarity between signs. ‘Similar’ was used when the signs were found to be similar. ‘Insufficiently similar’ was used when the signs were dissimilar or when the degree of similarity was low. This category was also selected when the judge found the sign to be insufficiently similar to cause confusion. ‘Not mentioned’ was used when the degree of similarity was unclear. When several signs were claimed to be infringing, and only one sign

⁴⁹² art 2.20(1)(b) of the Benelux Convention on Intellectual Property (Trademarks and Designs) (hereinafter BCIP): ‘A registered trademark shall provide its holder with an exclusive right. Without prejudice to the possible application of ordinary law in matters of civil liability, the exclusive right to a trademark shall permit its holder to prohibit any third party, without its consent, from: [...] b. using in the course of trade a sign in respect of which, because it is identical or similar to the trademark and the goods or services covered by the trademark and the sign are identical or similar, there exists on the part of the public a likelihood of confusion that includes the likelihood of association with the trademark.’ This provision implements the confusion provision of the EU Trade Mark Directive 2008 (Art 5(1)(b) of the Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks [2008] OJ L299/25). See also art 10(2)(b) of the TMD 2015. Since 1 March 2019 the likelihood-of-confusion provision can be found in art 2.20(2)(b) of the BCIP. The BCIP was reformulated in the context of the new TMD 2015 and the further harmonisation of EU trademark law. The essence of the likelihood-of-confusion provision as prescribed in former BCIP law has remained unchanged in the new provision.

⁴⁹³ art 9(1)(b) of the Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark [2009] OJ L78/1.

⁴⁹⁴ art 9(2)(b) EUTMR.

was considered sufficiently similar, this degree of similarity was coded. When several signs claimed to be infringing, the highest degree of similarity was coded.

The type of mark was also assessed. The analysis only includes trademarks that were assessed under sub b. If the defendant infringed on both the word mark and the figurative mark, but only the word mark was considered in the assessment, only the word mark was coded.

In addition, the guideline that the global appreciation of the visual, aural or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind in particular their distinctive and dominant components,⁴⁹⁵ was researched. A ‘yes’ was coded when the court referred to this ruling in the likelihood-of-confusion assessment. A ‘yes’ was also coded when a reference was made to the distinctive or dominant elements of the signs, or when a similar expression was used. I also investigated the guideline that the average consumer only rarely has the opportunity to make a direct comparison between the different marks and must therefore place his trust in the imperfect image of them that he has in his mind.⁴⁹⁶ Furthermore, the guideline of the Dutch Supreme Court stating that similarities between signs are more important than differences was explored.⁴⁹⁷

With regard to the factor of relationship of the goods and services involved, this was categorised as ‘identical’, ‘almost identical’, ‘similar’ and ‘slightly similar’, ‘dissimilar’ and ‘not mentioned’. An ‘identical’ was selected when the goods and services were considered as ‘identical’. An ‘almost identical’ was selected when the goods and services were regarded as ‘identical or similar’ or when the goods and services were defined as very similar. A ‘similar’ was coded when the goods and services were found to be similar. A ‘slightly similar’ was coded when the goods and services were less similar. A ‘dissimilar’ was coded when the goods and services were argued to be dissimilar. An ‘unspecified’ was selected when the judge did not explicitly reason whether there was sufficient similarity of goods and services.

The ‘relevant public and degree of attention’ factor was also explored. When a reference was made to the average consumer a ‘yes’ was selected. Furthermore, it was explored whether the court used the measurement invented by the CJEU⁴⁹⁸ of the average consumer who is reasonably well-informed and reasonably observant and circumspect, or another consumer, for example an expert who is highly attentive or a consumer who is less intelligent. When the heuristic of the CJEU concerning the average consumer or a similar qualification was found in the reasoning, this was coded as a ‘yes’.

Furthermore, the degree of distinctiveness was analysed. The degree of distinctiveness was categorised as ‘highly distinctive’, ‘distinctive’, ‘slightly distinctive’, ‘not distinctive’, and ‘unspecified’. The category ‘highly distinctive’ referred to signs with a highly distinctive character or signs that were well-known. A trademark was coded as ‘distinctive’ when there was a normal or sufficient degree of distinctiveness. A ‘slightly distinctive’ was coded when

⁴⁹⁵ Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, para 23. When an implicit reference was made, ie when the guideline was not directly mentioned, but references were made to ‘dominant parts’ or ‘distinctive elements’, or similar terms, this was coded separately.

⁴⁹⁶ See Case C-342/97 *Lloyd v Lointz* ECLI:EU:C:1999:323, para 26.

⁴⁹⁷ Dutch Supreme Court, 16 April 1999, IER 1990, 161 – *Bigott-Batco/Doucal*.

⁴⁹⁸ Case C-342/97 *Lloyd v Lointz* ECLI:EU:C:1999:323, para 26.

the judge explicitly considered that the scope of protection was restricted or, for example, that the degree of distinctiveness was not so great. An ‘unspecified’ was coded when the judge did not state whether or not the sign was distinctive. When several trademarks were invoked in respect of sub b, the highest degree of distinctiveness was coded. The CJEU guideline stating that the more distinctive the earlier mark, the greater the likelihood of confusion was also explored.⁴⁹⁹ A ‘yes’ was coded when the court referred to this ruling in the likelihood-of-confusion assessment.

When the judge referred to consumer studies in the assessment of likelihood of confusion, a ‘yes’ was coded. When consumer studies played a role somewhere else, for example to support the assessment of trademarks with a reputation or when there were no consumer studies, a ‘no’ was selected. These consumer surveys were used to assess likelihood-of-confusion questions. Consumer surveys can prove that a trademark is well known and therefore has a highly distinctive character. A high score regarding the factor ‘distinctiveness of the trademark’ makes an allocation for the infringement claim more likely. These consumer studies were possibly also used to assess whether an infringement was made under sub c, but this was not coded. A reference to consumer studies was only coded when this reference was found in the assessment of sub b.

5.5 Results

In the sample studied, trademark owners more often won (65%) than lost (35%) anti-confusion cases falling under sub b of the infringement provision at the EU and Dutch level.⁵⁰⁰ Moreover, trademark owners were more successful when they filed cases before specialised courts in The Hague (74%)⁵⁰¹ than elsewhere in the Netherlands (59%) (see Table 1).⁵⁰²

Table 1: Number of cases where infringement under sub b was ruled, categorised by court, 2006-2018

			Win	Loss	Number of cases
Court	The Hague	Number of cases	59	21	80
		%	73.8%	26.3%	100%

⁴⁹⁹ ibid para 28; Case C-251/95 *Puma v. Sabel* ECLI:EU:C:1997:528, paras 24-25.

⁵⁰⁰ The confidence interval of winning 123 out of 189 cases is 58.5%<p<70.4%. With 95% reliability, it can be assumed that trademark owners won slightly more cases than they lose. This means we can assume with 95% reliability that the odds of trademark owners winning a case were between 58.5% and 70.4%. In this sample, a percentage of 65% was found (123 cases). This percentage could thus also have been anything between 58.5% (111 cases) and 70.4% (133 cases), eg if a bigger sample had been chosen. See also Fhima and Denvir (n 482) 327. In 60% of cases the General Court found a likelihood of confusion and in 40% of cases no likelihood of confusion was found. See also Lotte Anemaet, ‘Beslissen in sub b zaken: hoe beoordelen rechters of een consument in verwarring is of niet?’ (2019) 3 Berichten Industriële Eigendom 122.

⁵⁰¹ The confidence interval of winning 59 out of 80 cases is 63.2%<p<80.6% (with 95% reliability).

⁵⁰² The confidence interval of winning 64 out of 109 cases is 49.5%<p<65.9% (with 95% reliability).

Other	Number of cases	64	45	109
	%	58.7%	41.3%	100%
Total	Number of cases	123	66	189
	%	65.1%	34.9%	100%

As expected from previous studies, similarity of signs was indeed the most important factor. The degree of similarity of signs directly influenced the decision.

In most cases, the signs were sufficiently similar (127 cases: 67%).⁵⁰³ In 35% of the cases, the degree of similarity was even high.⁵⁰⁴ In the majority of cases a word mark was assessed in the sample used for the present study (see Table 2).⁵⁰⁵ Figurative marks were also frequently assessed.⁵⁰⁶ But again, in the majority of cases this concerned a figurative mark containing word elements.⁵⁰⁷ Purely figurative marks⁵⁰⁸ and shape marks⁵⁰⁹ were seldom assessed (see Table 3).⁵¹⁰

Trademark owners had a stronger claim not only when the defendant's sign was partly descriptive, but also when the trademark was highly distinctive.⁵¹¹ The same applied in

⁵⁰³ The confidence interval of selecting 127 cases with (sufficient) similar signs from 189 cases is 60.6%<p<72.4% (with 95% reliability).

⁵⁰⁴ The confidence interval of selecting 67 cases with identical or highly similar signs from 189 cases is 29.2%<p<41.1% (with 95% reliability).

⁵⁰⁵ The confidence interval of selecting 90 word marks from 189 cases is 41%<p<53.4% (with 95% reliability).

⁵⁰⁶ The confidence interval of selecting 56 figurative marks from 189 cases is 23.7%<p<35.1% (with 95% reliability).

⁵⁰⁷ The confidence interval of selecting 49 figurative marks containing word elements from 189 cases is 20.3%<p<31.2% (with 95% reliability).

⁵⁰⁸ The confidence interval of selecting seven purely figurative marks from 189 cases is 1.4%<p<6.2% (with 95% reliability).

⁵⁰⁹ The confidence interval of selecting six shape marks from 189 cases is 1.1%<p<5.5% (with 95% reliability).

⁵¹⁰ It must be noted that the number of cases where several trademarks were claimed was in fact slightly higher. The analysis only included trademarks that were assessed under sub b.

⁵¹¹ Cases where the distinctiveness of the trademark directly influenced the classification of the degree of similarity of signs, in a way that similarity was found: District Court of The Hague, 7 May 2008, ECLI:NL:RBSGR:2008:BD1049 – *Microsoft/Unicaresoft*; Court of Appeal of The Hague, 9 December 2008, ECLI:NL:GHSGR:2008:BI3896 – *Campina/Cabrima*; District Court of Rotterdam, 7 May 2009, ECLI:NL:RBROT:2009:BI3272 – *Ruan/Lonsdale*; District Court of The Hague, 21 August 2009, ECLI:NL:RBSGR:2009:BJ7097 – *Burberry/Sacha*; District Court of Arnhem, 28 August 2009, ECLI:NL:RBARN:2009:BJ6313 – *De Zuivelhoeve/Lidl*; District Court of The Hague, 14 July 2010, ECLI:NL:RBSGR:2010:BN4672 – *FOL*; District Court of Leeuwarden, 28 September 2011, ECLI:NL:RBLER:2011:BV7389 – *'t Stokertje*; Court of Appeal of The Hague, 5 June 2012, ECLI:NL:GHSGR:2012:BX0979 – *H&M/G-Star*; District Court of The Hague, 18 April 2013, ECLI:NL:RBDHA:2013:BZ7844 – *Louboutin/Van Haren*; Court of Appeal of The Hague, 13 August 2013, ECLI:NL:GHDHA:2013:2967 – *Talens*; District Court of The Hague, 25 April 2014, ECLI:NL:RBDHA:2014:7104 – *Daamen/Maxguard*; District Court of Rotterdam, 25 March 2015, ECLI:NL:RBROT:2015:2044 – *FKP/Spirits*; Court of Appeal of The Hague, 22 March 2016, ECLI:NL:GHDHA:2016:669 – *H&M/G-Star*; District Court of The Hague, 1 June 2016, ECLI:NL:RBDHA:2016:5999 – *Leatherman*; District Court of Zeeland-West-Brabant, 20 July 2017, ECLI:NL:RBZWB:2017:4651 – *Poppodium 013/Podium 0113*.

reverse: if the trademark consisted of descriptive elements, the judge was more likely to conclude that the signs were not confusingly similar, particularly if the defendant had also added their own distinctive elements to the sign.⁵¹²

Nevertheless, trademark owners did not always lose when the trademark consisted of descriptive elements. In some cases, the judge argued that the signs were similar because both signs referred to the same conceptual meaning.⁵¹³

The court often referred to the CJEU ruling stating that the global appreciation of the visual, auditory or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components (124 cases: 66%).⁵¹⁴

In these cases, the claimant frequently won when the trademark was distinctive or highly distinctive.⁵¹⁵ However, claimants also won cases when the trademark was slightly distinctive, i.e. in cases where the application of the rule ought rather to have led to a loss because the trademark did not actually consist of highly distinctive elements.⁵¹⁶

Another guideline of the CJEU about the average consumer was that he only rarely had the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he holds in his mind.⁵¹⁷ In some cases where this rule was found,⁵¹⁸ the claimant won.⁵¹⁹

In addition, judges sometimes applied the *Bigott-Batco/Doucal* rule of the Dutch Supreme Court (43 cases: 23%).⁵²⁰ According to this rule, the similarities between the

⁵¹² A result that can be expected from CJEU case law: Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, para 23.

⁵¹³ District Court of The Hague, 17 April 2007, ECLI:NL:RBSGR:2007:BC0952 – *EasyCar/EasyOto*, para 4.10; District Court of The Hague, 27 August 2008, 312349 / KG ZA 08-680 – *Nedac Sorbo/VP*G, para 4.6; District Court of Gelderland, 25 January 2010, ECLI:NL:RBARN:2010:BL2843 – *Connect/Connection*, para 4.8; District Court of Gelderland, 23 July 2013, ECLI:NL:RBGEL:2013:2404 – *Connect/ConAct*, para 4.11; District Court of The Hague, 2 February 2017, ECLI:NL:RBDHA:2017:921 – *KFH/IJsvogel*, para 4.14; District Court of The Hague, 17 March 2017, ECLI:NL:RBDHA:2017:2626 – *CMIB/NMIB*, paras 4.11, 4.14; District Court of The Hague, 30 March 2017, ECLI:NL:RBDHA:2017:3174 – *High Five/HIIT45*, paras 4.14-4.15; District Court of Gelderland, 4 April 2017, ECLI:NL:RBGEL:2017:2433 – *Connect/Connect Professionals*, paras 4.7, 4.10; District Court of Amsterdam, 6 June 2017, ECLI:NL:RBAMS:2017:3912 – *Stichting Expertisecentrum Discriminatie/Artikel 1*, para 4.5; District Court of Gelderland, 13 September 2017, ECLI:NL:RBGEL:2017:4976 – *ExcluFloorS/Exclu-Floors*, para 4.22.

⁵¹⁴ In 82 cases the ruling was explicitly mentioned by the court. In the other cases a reference was made to the distinctive or dominant elements, or a similar expression was used.

⁵¹⁵ The confidence interval of selecting 60 win cases from 74 cases that concerned a (highly) distinctive trademark and a reference to the CJEU ruling was found is 70.6%<p<88.1% (with 95% reliability).

⁵¹⁶ In 13 cases (out of 29 cases), the claimant of a slightly distinctive trademark won, even though a reference to this rule was found. The confidence interval of selecting 13 win cases with slightly distinctive trademarks from 29 cases is 25.9%<p<58.3% (with 95% reliability)).

⁵¹⁷ See Case C-342/97 *Lloyd v Loint*s ECLI:EU:C:1999:323, para 26.

⁵¹⁸ The confidence interval of selecting 29 cases with a reference to the CJEU rule from 189 cases is 10.8%<p<19.8% (with 95% reliability).

⁵¹⁹ The confidence interval of selecting win 20 cases with a reference to the CJEU rule from 29 cases is 48.6%<p<80.0% (with 95% reliability).

⁵²⁰ The confidence interval of selecting 43 cases with a reference to the *Bigott-Batco/Doucal* rule from 189 cases is 17.4%<p<27.8% (with 95% reliability). Because of the similar parts of the signs, the average consumer will conclude that the products are connected with each other.

trademark and the sign are more important than the differences.⁵²¹ When courts referred to this rule, it seems to have strengthened a trademark owner's claim: in almost all cases in which this rule was found, the trademark owner won.⁵²²

Table 2: Number of cases where sufficient similarity of signs was found under sub b, 2006-2018

		<i>Identical</i>	<i>Almost identical</i>	<i>Similar</i>	<i>Insufficiently similar</i>	<i>Not mentioned</i>	<i>Number of cases</i>
Total	Number of cases	10	57	60	53	9	189
	%	5.3%	30.2%	31.7%	28.0%	4.8%	100%

Table 3: Number of sub b cases, categorised by type of trademark, 2006-2018

		<i>Word mark</i>	<i>Figurative mark (containing word elements)</i>	<i>Figurative mark (purely)</i>	<i>Shape mark</i>	<i>Word mark and figurative mark</i>	<i>Other</i>	<i>Number of cases</i>
Total	Number of cases	90	49	7	6	31	6	189
	%	47.6%	25.9%	3.7%	3.2%	16.4%	3.2%	100%

Similarity of goods and services was also a relevant factor. In the majority of cases, the goods and services were sufficiently similar (137 cases: 72%),⁵²³ while being dissimilar in only a few cases (10 cases: 5%)⁵²⁴ (see Table 4).⁵²⁵ The claimant did not go to court with an anti-confusion claim if the goods and services were clearly dissimilar. In many cases, similarity of

⁵²¹ Dutch Supreme Court, 16 April 1999, IER 1990, 161 – *Bigott-Batco/Doucal*.

⁵²² The confidence interval of selecting 37 win cases with a reference to the *Bigott-Batco/Doucal* rule from 43 cases is 71.6%<p<92.2% (with 95% reliability).

⁵²³ The court did not consider the degree of similarity of goods and services in 42 cases. The judge may have found it self-evident and thus not relevant in assessing the degree of similarity of goods. Another reason could be that the court had already decided that there was no likelihood of confusion based on other factors (the confidence interval of selecting 42 cases without a classification of goods and services from 189 cases is 16.9%<p<27.3%, with 95% reliability).

⁵²⁴ The confidence interval of selecting ten cases with dissimilar goods and services from 189 cases is 2.6%<p<8.2% (with 95% reliability).

⁵²⁵ In the *Canon v Cannon* case the CJEU ruled that a lesser degree of similarity between goods and services can be compensated for by a greater degree of similarity between marks (Case C-39/97 ECLI:EU:C:1998:442, para 17). The CJEU ruling was sometimes mentioned, but odds were slim that a small degree of similarity of goods and services would be compensated for. The judge considered the goods and services to be highly similar in many cases but slightly similar in only a few cases.

the goods and services was even high or identical. Nevertheless, trademark owners did not necessarily win more often when the goods and services were highly similar.⁵²⁶

Table 4: Number of cases where infringement under sub b was ruled, categorised by degree of similarity of goods and services, 2006-2018

			<i>Win</i>	<i>Loss</i>	<i>Number of cases</i>
<i>Degree of similarity</i>	Identical	Number of cases %	52 80.0%	13 20.0%	65 100%
	Almost identical	Number of cases %	25 80.6%	6 19.4%	31 100%
	Similar	Number of cases %	33 86.8%	5 13.2%	38 100%
	Slightly similar	Number of cases %	2 66.7%	1 33.3%	3 100%
	Dissimilar	Number of cases %	0 0.0%	10 100%	10 100%
	Not mentioned	Number of cases %	11 26.2%	31 73.8%	42 100%
Total		Number of cases %	123 65.1%	66 34.9%	189 100%

In most cases, the judge referred to the average consumer with a standard degree of attention. In 87 cases (46%) (see Table 5),⁵²⁷ the judge referred explicitly to the average consumer, while in 29% of the cases, the judge mentioned that the average consumer was reasonably well informed, observant and circumspect.⁵²⁸ Only in some cases did the judge explicitly refer

⁵²⁶ The confidence interval of selecting 77 win cases with identical or highly similar goods and services from 96 cases is $71.2\% < p < 85.8\%$ (with 95% reliability). The confidence interval of selecting 35 win cases with (slightly) similar goods and services from 41 cases is $70.4\% < p < 91.8\%$ (with 95% reliability).

⁵²⁷ The confidence interval of selecting 87 cases with a reference to the average consumer from 189 cases is $39.4\% < p < 51.8\%$ (with 95% reliability).

⁵²⁸ The confidence interval of selecting 54 cases with a reference to the average consumer who is reasonably well informed, observant and circumspect from 189 cases is $22.7\% < p < 34\%$ (with 95% reliability).

to a consumer with a higher or lower degree of attention.⁵²⁹ Judges might be unwilling to label consumers as being of limited competence.⁵³⁰

Table 5: Number of cases that mention the average consumer under sub b, 2006-2018

		<i>The average consumer is mentioned</i>	<i>The average consumer is not mentioned</i>	<i>Number of cases</i>
Total	Number of cases	87	102	189
	%	46.0%	54.0%	100%

The distinctiveness of the trademark, however, was an important factor. In most cases, the trademark was sufficiently distinctive (148 cases: 78%) (see Table 6).⁵³¹ The degree of distinctiveness of the trademark was often high or average (107 cases: 57%),⁵³² while in 22% of the cases the trademark was slightly distinctive.⁵³³ In a third of the cases, the trademark was considered to be highly distinctive,⁵³⁴ a factor that helped the trademark owner win significantly more often.⁵³⁵ Conversely, trademark owners lost (slightly) more often when the trademark was averagely⁵³⁶ or slightly distinctive.⁵³⁷

Furthermore, courts did not often explicitly refer to the rule that consumers are more easily confused when confronted with a highly distinctive trademark.⁵³⁸ However, if the

⁵²⁹ This is in line with CJEU case law: Case C-342/97 *Lloyd v Loint* ECLI:EU:C:1999:323, para 26. The confidence interval of selecting 27 cases with a reference to a consumer with a higher or lower degree of attention from 189 cases is 9.9%<p<18.6% (with 95% reliability).

⁵³⁰ *Fhima and Denvir* (n 482) 337. The judge found that the consumer was less experienced in the following cases: District Court of Amsterdam, 4 June 2014, ECLI:NL:RBAMS:2014:3882 – *Studio 100/Flappelijntje*; District Court of The Hague, 10 June 2014, ECLI:NL:RBDHA:2014:7508 – *'t LJs van Columbus*; District Court of The Hague, 7 September 2011, HA ZA 09-589 – *TUC/Apéro*; District Court of Gelderland, 23 July 2013, ECLI:NL:RBGEL:2013:2404 – *Connect/ConAct*; District Court of Oost-Brabant, 11 July 2016, ECLI:NL:ROBR:2016:3653 – *De Vries/Bakx*.

⁵³¹ The confidence interval of selecting 148 cases with sufficiently distinctive trademarks from 189 cases is 72.3%<p<82.7% (with 95% reliability). In 38 cases the court did not mention the degree of distinctiveness. However, the degree of distinctiveness was not always unclear. When infringement was ruled, it can be presumed that the trademark was sufficiently distinctive. The judge apparently found it not necessary to assess the degree of distinctiveness in all cases.

⁵³² The confidence interval of selecting 107 cases with (high) distinctive trademarks from 189 cases is 49.9%<p<62.2% (with 95% reliability).

⁵³³ The confidence interval of selecting 41 cases with slightly distinctive trademarks from 189 cases is 16.4%<p<26.7% (with 95% reliability). In a few cases the trademark was defined as not distinctive.

⁵³⁴ The confidence interval of selecting 57 cases with highly distinctive trademarks from 189 cases is 24.2%<p<35.6% (with 95% reliability).

⁵³⁵ The confidence interval of selecting 50 win cases with highly distinctive trademarks from 57 cases is 76.1%<p<92.9% (with 95% reliability).

⁵³⁶ The confidence interval of selecting 35 win cases with averagely distinctive trademarks from 50 cases is 55.6%<p<78.8% (with 95% reliability).

⁵³⁷ The confidence interval of selecting 18 win cases with slightly distinctive trademarks from 41 cases is 28.5%<p<55.5% (with 95% reliability).

⁵³⁸ Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, paras 24-25; Case C-342/97 *Lloyd v Loint* ECLI:EU:C:1999:323, para 28.

trademark was indeed highly distinctive, this strengthened the trademark owner's position. Out of 25 cases,⁵³⁹ the trademark owner won 21 cases⁵⁴⁰ and lost only four.⁵⁴¹

Moreover, judges frequently concluded that there was a likelihood of confusion by emphasising the highly distinctive character, for instance in their final conclusion ('Given the high degree of distinctiveness, it can be concluded that consumers are likely to be confused'). When judges did so, they actually followed the CJEU rule⁵⁴² without explicitly mentioning it.⁵⁴³

Table 6: Number of cases where sufficient distinctiveness of the trademark was found under sub b, 2006-2018

			<i>Win</i>	<i>Loss</i>	<i>Number of cases</i>
<i>Degree of distinctiveness</i>	Highly distinctive	Number of cases	50	7	57
		%	87.7%	12.3%	100%
	Distinctive	Number of cases	35	15	50
		%	70.0%	30.0%	100%
	Slightly distinctive	Number of cases	18	23	41
		%	43.9%	56.1%	100%
	Not distinctive	Number of cases	0	3	3
		%	0.0%	100.0%	100%
	Unspecified	Number of cases	20	18	38
		%	52.6%	47.4%	100%
Total		Number of cases	123	66	189
		%	65.1%	34.9%	100%

⁵³⁹ The confidence interval of selecting 25 cases with a reference to the CJEU rule from 189 cases is $9\% < p < 17.4\%$ (with 95% reliability).

⁵⁴⁰ The confidence interval of selecting 21 win cases with a reference to the CJEU rule from 25 cases is $62.5\% < p < 91.8\%$ (with 95% reliability).

⁵⁴¹ Of the 25 cases in which the judge explicitly referred to this rule, this rule was also applied. In the four cases in which the claimant lost, the trademark was not (sufficiently) well known, or despite the notoriety of the trademark, likelihood of confusion could not be presumed because the defendant's sign was insufficiently similar to the trademark.

⁵⁴² Case C-251/95 *Puma v. Sabel* ECLI:EU:C:1997:528, paras 24-25; Case C-342/97 *Lloyd v. Lloint* ECLI:EU:C:1999:323, para 28.

⁵⁴³ In at least 57 cases the trademark was highly distinctive. In 39 cases this rule was not found. In 33 win cases the notoriety of the trademark may have strengthened the claim. In six cases the trademark owner lost even though the trademark was well known. The confidence interval of selecting 33 win cases with highly distinctive trademarks from 39 cases is $69\% < p < 91.3\%$ (with 95% reliability).

The number of cases where empirical evidence was used was 24, i.e. 13% of the cases (see Table 7).⁵⁴⁴ In most cases the claimant presented a consumer study to the court. The consumer studies were related to the market strength of the trademark as well as to likelihood-of-confusion questions. In this sample, trademark owners more often won cases when they presented consumer studies to the court.⁵⁴⁵

Table 7: Number of cases where consumer surveys were referred to under sub b, 2006-2018

		Reference to consumer surveys	No reference to consumer surveys	Number of cases
Total	Number of cases	24	165	189
	%	12.7%	87.3%	100%

⁵⁴⁴ The confidence interval of selecting 24 cases with a reference to consumer surveys from 189 cases is $8.5\% < p < 16.8\%$ (with 95% reliability). See District Court of Groningen, 14 February 2007, ECLI:NL:RBGRO:2007:AZ8277 – *DHA/Van der Laan*; Court of Appeal of The Hague, 23 August 2008, ECLI:NL:GHSGR:2007:BC0670 – *Bacardi/Food Brokers*; District Court of Arnhem, 28 November 2007, ECLI:NL:RBARN:2007:BC0196 – *Pointer/Point Bike*; District Court of Amsterdam, 7 May 2009, ECLI:NL:RBAMS:2009:BI3273 – *TROS/RTL*; District Court of The Hague, 15 July 2009, 294029 / HA ZA 07-2704 – *Red Bull/Osborne*; District Court of The Hague, 21 August 2009, ECLI:NL:RBSGR:2009:BJ7097 – *Burberry/Sacha*; District Court of Arnhem, 28 August 2009, ECLI:NL:RBARN:2009:BJ6313 – *De Zuivelhoeve/Lidl*; Court of Appeal of The Hague, 26 January 2010, ECLI:NL:GHSGR:2010:BL1936 – *IKEA/Serboucom*; District Court of The Hague, 9 August 2011, 398829 / KG ZA 11-848 – *G-Star/C&A*; District Court of The Hague, 7 September 2011, HA ZA 09-589 – *TUC/Apéro*; Court of Appeal of The Hague, 20 September 2011, ECLI:NL:GHSGR:2011:BS8933 – *Red Bull/Osborne*; Court of Appeal of The Hague, 5 June 2012, ECLI:NL:GHSGR:2012:BX0979 – *H&M/G-Star*; District Court of Amsterdam, 12 June 2013, ECLI:NL:RBAMS:2013:6541 – *Chanel/Glamorous*; District Court of Midden-Nederland, 12 March 2014, ECLI:NL:RBMNE:2014:1369 – *Armaturen*; District Court of The Hague, 2 April 2014, ECLI:NL:RBDHA:2014:5261 – *Stichting Paperclip/NCRV*; Court of Appeal of Arnhem-Leeuwarden, 1 December 2015, 200.135.172/02 – *H&M/Adidas*; Court of Appeal of The Hague, 22 March 2016, ECLI:NL:GHDHA:2016:669 – *H&M/G-Star*; District Court of The Hague, 20 July 2016, ECLI:NL:RBDHA:2016:8293 – *Fleurop/Topbloemen*; Court of Appeal of The Hague, 14 March 2017, ECLI:NL:GHDHA:2017:561 – *Red Bull/Leidseplein Beheer*; District Court of The Hague, 5 July 2017, ECLI:NL:RBDHA:2017:7178 – *G-Star/Topstreetwear*; District Court of The Hague, 8 November 2017, ECLI:NL:RBDHA:2017:12949 – *Adidas/H&M*; District Court of The Hague, 16 November 2017, ECLI:NL:RBDHA:2017:13293 – *Diesel/CK*; District Court of Midden-Nederland, 25 April 2018, ECLI:NL:RBMNE:2018:1768 – *IT-Staffing/Staffing it*; District Court of Overijssel, 9 August 2018, ECLI:NL:RBOVE:2018:2957 – *Dealerdirect/WijKopenAutos*.

⁵⁴⁵ However, it is difficult to draw conclusions because the confidence interval of selecting 14 win cases with a reference to consumer surveys from 19 cases is $47.1\% < p < 85.3\%$ (with 95% reliability).

5.6 Analysis

5.6.1 Risk of Overbroad Protection

As the results show, some patterns underpinning the studied cases indeed confirm that judges possibly favour trademark owners' investments in anti-confusion cases.

In the sample studied, trademark owners more often won than lost anti-confusion cases falling under sub b of the infringement provision at EU and Dutch level. Moreover, not all cases ended up in court because the overwhelming majority were settled amicably.⁵⁴⁶ In practice, wealthier litigants had more resources for sustaining a dispute,⁵⁴⁷ so that the odds of winning might have been even higher had the settled disputes also been included.

Furthermore, trademark owners won more cases when they invested in a particular sign. In a third of the cases, the trademark was considered to be highly distinctive, a factor that helped the trademark owner win significantly more often. Conversely, trademark owners lost (slightly) more often when the trademark was averagely or slightly distinctive. By comparison, trademark owners did not necessarily win more often when the goods and services were highly similar.⁵⁴⁸

CJEU case law also illustrates the impact of the trademark's market strength on the confusion analysis. In some cases, courts explicitly referred to and applied the rule that consumers are more easily confused when confronted with a highly distinctive trademark.⁵⁴⁹ If the trademark was indeed highly distinctive, this strengthened the trademark owner's position.⁵⁵⁰

⁵⁴⁶ Huang, Weatherall and Webster (n 484) 192; William M Landes, 'An Empirical Analysis of Intellectual Property Litigation: Some Preliminary Results' (2004) 41 *Houston Law Review* 749. See for a similar result in patent litigation: Fiona Rotstein and Kimberlee Weatherall, 'Filing and Settlement of Patent Disputes in the Federal Court: 1995-2005' (2007) 68 *Intellectual Property Forum* 65.

⁵⁴⁷ Huang, Weatherall and Webster (n 484) 192; George L Priest and Benjamin Klein, 'The Selection of Disputes for Litigation' (1984) 13 *Journal of Legal Studies* 1.

⁵⁴⁸ For example, In the *Tommy/Tel Sell* case involving home trainers, the judge found that consumers were not likely to be confused because the sign 'Vita Dual Bike' was not similar to the trademark VITARID-R. The word element 'Vita' was used for fitness machines and therefore slightly descriptive. Although the goods were identical, the trademark owners still lost because the degree of distinctiveness and the similarity of signs were not very high (District Court of The Hague, 8 November 2017, ECLI:NL:RBDHA:2017:12687 – *Tommy/Tel Sell*).

⁵⁴⁹ Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, paras 24-25; Case C-342/97 *Lloyd v Loint* ECLI:EU:C:1999:323, para 28.

⁵⁵⁰ See for example the following winning cases where the trademark was inherently not very distinctive but acquired distinctiveness through use in trade because of marketing investments: District Court of The Hague, 25 October 2006, ECLI:NL:RBSGR:2006:BB2076 – *Substral/Substra(flores)*; District Court of Overijssel, 14 August 2007, ECLI:NL:RBZLY:2007:BC2582 – *de Telegraaf*; District Court of The Hague, 21 August 2009, ECLI:NL:RBSGR:2009:BJ7097 – *Burberry/Sacha*; Court of Appeal of The Hague, 24 November 2009, 105.005.269/01 / KG ZA 06/288 – *Orange/Otip*; Court of Appeal of Arnhem-Leeuwarden, 1 December 2015, 200.135.172/02 – *Adidas/H&M*; District Court of Midden-Nederland, 30 August 2017, ECLI:NL:RBMNE:2017:4442 – *WSM/Ouderenbond*; District Court of The Hague, 8 November 2017, ECLI:NL:RBDHA:2017:12949 – *Adidas/H&M*; District Court of Midden-Nederland, 25 April 2018, ECLI:NL:RBMNE:2018:1768 – *IT-Staffing/Staffing it*. The trademark owner also sometimes lost even though the trademark had acquired distinctiveness through use in trade: District Court of Noord-Nederland, 14 February

Furthermore, not only did a high degree of distinctiveness play a role as a separate factor in the global assessment, it also impacted the assessment of similarity between signs. The CJEU namely prescribed that the global appreciation of the visual, auditory or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.⁵⁵¹ Because of the notoriety of the trademark, the trademark naturally consists of distinctive and dominant elements. When judges referred to this rule, they often labelled signs as confusingly similar when the trademark was (highly) distinctive.

If judges also applied the *Bigott-Batco/Doucal* rule of the Dutch Supreme Court,⁵⁵² stating that the similarities between the trademark and the sign were more important than the differences, this further strengthened trademark's infringement claim. In almost all cases in which this rule was found, the trademark owner won.

In addition, in the majority of cases judges referred to the average consumer with a normal level of attention.⁵⁵³ It may have been easier to conclude that such an average consumer was more likely to be confused when seeing signs similar to a highly distinctive trademark than a more experienced consumer with a higher degree of attention. Experts who are highly attentive are likely to notice even slight differences if the stakes are high.

Furthermore, survey evidence also strengthened the trademark claim. Trademark owners more often won than lost when consumer studies were presented to the judge. Although the number of studies was limited, it helped trademark owners win those cases.

5.6.2 Counterbalances

The analysis also suggests that the situation is not alarming. In practice, in the majority of cases the assessment concerned a word mark. Figurative marks were also frequently assessed, but again, in the majority of cases this concerned a figurative mark containing word elements. Purely figurative marks and shape marks were seldom assessed.⁵⁵⁴ The same applied to descriptive⁵⁵⁵ and cultural signs.⁵⁵⁶

2007, ECLI:NL:RBGRO:2007:AZ8277 – *DHA/Van der Laan*; Court of Appeal of Amsterdam, 17 February 2009, ECLI:NL:GHAMS:2009:BH3125 – *Davidoff/Coscentra*; Court of Appeal of The Hague, 24 February 2009, ECLI:NL:GHSGR:2009:BH6459 – *Reckitt/Action*.

⁵⁵¹ Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, para 23.

⁵⁵² Dutch Supreme Court, 16 April 1999, IER 1990, 161.

⁵⁵³ This is in line with CJEU case law: Case C-342/97 *Lloyd/Loints* ECLI:EU:C:1999:323, para 26. Cohen Jehoram, Van Nispen and Huydecoper also argue that there is a tendency that only in very specific cases does the judge assume another consumer than the general public ((n 489) 148). Fhima and Denvir found a similar result: Fhima and Denvir (n 482) 336.

⁵⁵⁴ This is in line with CJEU case law. The CJEU has made it more difficult to register non-traditional signs: Case C-53/01-C-55/01 *Linde* ECLI:EU:C:2003:206, para 48; Case C-218/01 *Henkel* ECLI:EU:C:2004:88, para 52; Case C-136/02 P *Mag Instruments* ECLI:EU:C:2004:592, paras 30-31; Case C-205/13 *Hauck v Stokke* ECLI:EU:C:2014:2233; Case C-104/01 *Libertel* ECLI:EU:C:2003:244, para 55; Case C-299/99 *Philips v Remington* ECLI:EU:C:2002:377; Case C-48/09 P ECLI:EU:C:2010:516 *Lego Juris v BHIM*, paras 56-57; Case C-30/15 P *Simba* ECLI:EU:C:2016:849.

⁵⁵⁵ The opposite of descriptive is 'not distinctive'. The number of 'not distinctive' cases can be found under the 'degree of distinctiveness' factor. Judges seldom assessed that a trademark was not distinctive.

Granting broad protection to fanciful word and figurative marks also seems consistent. A strong and firm protection encourages trademark proprietors to maintain the high quality of their product, thereby protecting their reputation. Strong trademark rights ensure that consumers are protected against confusion and have lower search costs. In addition, the appropriation of fanciful signs and figurative marks, as already discussed above, does not as such grant trademark owners a competitive advantage over third parties. From this perspective, a broad protection might be justified.

In addition, in some cases, both parties had enough financial resources to afford the often expensive studies. For example, in the *G-Star/H&M* case,⁵⁵⁷ both parties presented consumer studies to the court, such that there was no imbalance between the litigants. Nevertheless, we do not know how many cases were settled amicably. It may well be that parties with enough financial resources were more likely to go to court.

Furthermore, the mechanism of granting more protection the higher the trademark owner's investments did not necessarily apply. For example, in the *Red Bull/Leidseplein Beheer* case⁵⁵⁸ concerning energy drinks, the court did not apply the rule that well-known marks have a broader scope of protection. This also influenced the question of whether the signs were similar. The court argued that there was no similarity between the RED BULL trademark and 'The Bulldog' sign.

Firstly, the court argued that there were no major visual similarities between the signs. According to the judge, the RED BULL trademark also included a picture of a bull and the word elements 'Krating-Daeng' and 'Red' which were elements that could not be neglected even though they were less distinctive than 'bull'. 'The Bulldog' sign did not have these elements.

In the case of 'The Bulldog' sign, the court argued that 'dog' was as important as 'bull', while the element 'The' could not be ignored from a visual perspective. The RED BULL trademark did not have the elements 'dog' and 'the'.⁵⁵⁹ In the court's opinion, the fact that the words 'Krating-Daeng' were displayed in a smaller font in the REDBULL trademark did not alter the fact that these words were spoken. Therefore, the court argued, the emphasis placed on the element 'bull' was less auditory than visual. The court argued that the auditory similarity was even less relevant than the already fragile visual similarity.⁵⁶⁰

⁵⁵⁶ The judge did not assess whether the trademark was a cultural sign. A cultural sign was disputed in the following cases: District Court of The Hague, 26 March 2009, 329321 / KG ZA 09-115 – *Einstein/Van Bokhoven*; Court of Appeal of Amsterdam, 7 July 2009, ECLI:NL:GHAMS:2009:BJ7367 – *Bavaria/AP*; District Court of Noord-Nederland, 28 September 2011, ECLI:NL:RBL EE:2011:BV7389 – *'t Stokertje*; District Court of Noord-Nederland, 15 March 2012, ECLI:NL:RBL EE:2012:BV9716 – *'t Stokertje*; District Court of The Hague, 10 June 2014, ECLI:NL:RBDHA:2014:7508 – *'t IJ van Columbus*; District Court of The Hague, 13 September 2017, ECLI:NL:RBDHA:2017:10421 – *Sita/Sina*.

⁵⁵⁷ Court of Appeal of The Hague, 22 March 2016, ECLI:NL:GHDHA:2016:669 – *H&M/G-Star*.

⁵⁵⁸ Court of Appeal, 14 March 2017, ECLI:NL:GHDHA:2017:561 – *Red Bull/Leidseplein Beheer*. See also previous cases: Case C-65/12 *Leidseplein/Beheer/Red Bull* ECLI:EU:C:2014:49; Dutch Supreme Court, 13 February 2015, ECLI:NL:HR:2015:292 – *Leidseplein Beheer/Red Bull*. See also: Court of Appeal of The Hague, 20 September 2011, ECLI:NL:GHSGR:2011:BS8933 – *Red Bull/Osborne*. See also Anemaet (n 500) 125.

⁵⁵⁹ Court of Appeal of The Hague, 14 March 2017, ECLI:NL:GHDHA:2017:561 – *Red Bull/Leidseplein Beheer BV*, para 4.1.

⁵⁶⁰ *ibid* para 4.2.

Furthermore, the court ruled that the word ‘Bulldog’ had a fixed and clear meaning, namely referring to a dog breed. A bull and a dog were, it said, different species of animals. In the court’s opinion, the average consumer would not think of a bull when confronted with the word ‘bul(l)dog’ or a picture of a bulldog. This was also supported by market studies by the claimant. Therefore, the court said, the difference from a conceptual perspective was such that the minimal visual and auditory similarities between the signs were entirely suspended. Furthermore, the court argued, the considerable conceptual difference would ensure that the average consumer would not be confused by the visual and auditory similarities.⁵⁶¹

Although the goods were identical (energy drinks) and the degree of distinctiveness was high, consumers were not likely to be confused because the signs were not, or not sufficiently similar.

Interestingly, the court did not refer to the CJEU guideline stating that the more distinctive the earlier mark, the greater the likelihood of confusion. This would have favoured Red Bull because the trademark was very well-known amongst average consumers. Remarkably, another CJEU guideline was also not mentioned, namely that account should be taken of the fact that the average consumer only rarely has the opportunity to make a direct comparison between different marks but must place her/his trust in the imperfect picture of them kept in her/his mind.⁵⁶²

If the court had applied these guidelines, it might have concluded that the ‘Krating-Daeng’ and ‘The’ elements were not noticed even though the ‘Krating-Daeng’ element was part of the trademark as registered. From an empirical perspective, the odds were even higher that this element would not be noticed by the average consumer. The fact that the court itself referred to the RED BULL trademark versus the ‘Bulldog’ sign in its reasoning may suggest that indeed such elements as ‘Krating-Daeng’ and ‘The’ can be neglected. The degree of similarity between signs would have been higher. Given the highly distinctive character of the trademark and the identity between goods, the judge could even have ruled that consumers were likely to be confused. That consumer studies pointed to a different conclusion could have been declared irrelevant in this respect by emphasising, in the case of a highly distinctive mark, a likelihood of confusion had to be assessed normatively.

This case illustrates that judges did not always grant more protection when the trademark was very well known. When necessary, judges were able to block the automatism of granting more protection the more distinctive the trademark was. When judges found that the freedom of third parties was jeopardised, they could simply say that the signs were not similar.

⁵⁶¹ *ibid* paras 4.3-4.4. This consideration was a reference to the *Picasso v Picaro* case where the CJEU ruled that, because of the strong conceptual meaning of the word, ‘Picasso’ may neutralise the visual and aural similarities between the signs (Case C-361/04 P *Picasso v Picaro* ECLI:EU:C:2006:25, para 27).

⁵⁶² Case C-342/97 *Lloyd v Lointis* ECLI:EU:C:1999:323, para 26.

5.6.3 Risk Areas

This does not mean there is no risk of overbroad grants of protection. The study of Dutch case law indicates that trademark owners do sometimes succeed in achieving a broad scope of protection with regard to descriptive, cultural and non-traditional signs.⁵⁶³

5.6.3.1 Non-Traditional Signs

For example, in the *De Zuivelhoeve/Lidl* case,⁵⁶⁴ the judge found that the defendant Lidl with their product packaging for yoghurts had infringed the trademark rights of De Zuivelhoeve. The claimant's consumer study played a key role. The consumer study showed that 78.6% of respondents had used or seen claimant's transparent bucket with yoghurt and fruit. In answer to the question whether respondents knew what was normally mentioned on the transparent bucket, 66.7% of respondents (51.7% of all respondents) answered De Zuivelhoeve.⁵⁶⁵ According to the judge, the shape mark consisting of yoghurt and fruit separated in different layers in a transparent bucket had acquired distinctiveness through use in trade and was to a certain extent well known.⁵⁶⁶ The judge argued that Lidl's product packaging was highly similar to the shape mark of De Zuivelhoeve. The most striking elements of De Zuivelhoeve's shape mark were, also in view of the consumer study, the shape and image of the transparent bucket filled with yoghurt. These specific elements were also found on the Lidl packaging. Combined with the fact that Lidl used their product packaging for identical goods, i.e. yoghurt, the judge argued that a likelihood of confusion existed.⁵⁶⁷

De Zuivelhoeve therefore not only succeeded in educating consumers in perceiving the shape of a transparent bucket with yoghurt and fruit in separate layers as a source identifier, they also succeeded in getting protection against a similar transparent bucket because they had taught their consumers so well. The court strongly based its decision on empirical findings. The prospect of an attractive return on investment was fulfilled. Competitors who also wanted to present their yoghurt in a transparent bucket had to come up with something else, even though the shape mark was, in actual fact, a mere property of the product concerned. Arguably, a transparent bucket as product packaging is functional and should not have been registered at all. Consumers could easily see the content of the bucket since it was transparent. Therefore, De Zuivelhoeve did in fact obtain an unfair competitive advantage.

⁵⁶³ District Court of Rotterdam, 9 November 2006, ECLI:NL:RBROT:2006:AZ3045 – *Tijgernootjes*; District Court of Amsterdam, 1 November 2007, ECLI:NL:RBAMS:2007:BB6923 – *G-Star/New Yorker*; District Court of The Hague, 2 April 2008, ECLI:NL:RBSGR:2008:BD9703 – *Watervalkranen*; District Court of Gelderland, 28 August 2009, ECLI:NL:RBARN:2009:BJ6313 – *De Zuivelhoeve/Lidl*; Court of Appeal of 's-Hertogenbosch, 20 April 2010, ECLI:NL:GHSHE:2010:BM2895 – *Stabilo/Beifa*; District Court of The Hague, 18 April 2013, ECLI:NL:RBDHA:2013:BZ7844 – *Louboutin/Van Haren*; The Hague District Court, 10 June 2014, ECLI:NL:RBDHA:2014:7508 – *'t IJ van Columbus*; District Court of Noord-Nederland, 28 September 2011, ECLI:NL:RBLEE:2011:BV7389 – *'t Stokertje*; District Court of Noord-Nederland, 15 March 2012, ECLI:NL:RBLEE:2012:BV9716 – *'t Stokertje*.

⁵⁶⁴ District Court of Gelderland, 28 August 2009, ECLI:NL:RBARN:2009:BJ6313 – *De Zuivelhoeve/Lidl*.

⁵⁶⁵ *ibid* para 4.5.

⁵⁶⁶ *ibid* paras 4.7, 4.19.

⁵⁶⁷ *ibid* paras 4.16-4.17.

Interestingly, in the *Dyson* case, the CJEU used similar reasons to reject Dyson's request for trademark registration on a transparent collecting bin for a vacuum cleaner.⁵⁶⁸ Admittedly, the Dutch case scenario was slightly different from the *Dyson* case, where the application concerned not a particular type of a transparent collecting bin, but rather, in a general and abstract manner, all conceivable shapes of such a collecting bin.⁵⁶⁹ De Zuivelhoeve's trademark, on the other hand, concerned a particular shape⁵⁷⁰ of transparent bucket with yoghurt and fruit in separate layers depicted with their word mark and several figurative elements. Nevertheless, although De Zuivelhoeve did not register a transparent bucket in a general and abstract manner, in fact, the registration of a specific transparent bucket consisting of yoghurt and fruit in separate layers with a word mark and print on the cover led to a similar result – a monopoly on a mere property of the product concerned.

If the judge had ignored the fact that both buckets were transparent, it remains to be seen whether he would also have ruled that this was a case of infringement. The yoghurt layers were different as was the size of the buckets. Furthermore, Lidl's bucket had no print on the side. Another important difference was that the buckets had different word marks and different prints on the cover.⁵⁷¹ If the judge had considered these elements in isolation, he would probably not have concluded that this was an infringement. Therefore, although De Zuivelhoeve did not register the transparent bucket as such, in the infringement proceedings we see that registering a combination of elements as a trademark still allows a trademark owner to monopolise a single element.⁵⁷²

In other words, it can be risky to follow a generous approach towards registering non-traditional signs. Once a trademark has been registered, trademark owners can invest

⁵⁶⁸ Case C-321/03 *Dyson* ECLI:EU:C:2007:51, para 38.

⁵⁶⁹ *ibid* para 19.

⁵⁷⁰ See also: Case C-421/13 *Apple Inc v Deutsches Patent- und Markenamt* ECLI:EU:C:2014:2070, para 31, where the Court says that these specific signs are registrable.

⁵⁷¹ Another point was that the Lidl buckets were exclusively sold in Lidl supermarkets (para 4.17).

⁵⁷² Despite these concerns, the CJEU recently ruled in the *Hansson* case, that it cannot be assessed in advance that descriptive elements of conflicting signs must be excluded from the assessment of similarity between signs (CJEU, judgment of June 12, 2019, case C-705/17, ECLI:EU:C:2019:481, para. 49). According to the Court, the likelihood-of-confusion assessment must be as much as possible in accordance with the real perception of the relevant public (para. 47). In the Court's view, descriptive, non-distinctive or low distinctive elements of a complex trademark generally have a limited impact on the analysis of similarity between signs in comparison to highly distinctive elements that are much better equipped to dominate the overall impression of the trademark (para. 54). However, this principle will not apply to all cases, the Court said, such that a disclaimer that in advance excludes descriptive elements from the assessment of similarity between signs could cause a likelihood of confusion among the public, which must be avoided (para. 56). According to the Court, the establishment of likelihood of confusion also only protects certain combinations of elements, and not a single descriptive element (para. 58). Furthermore, the refusal grounds and the trademark limitations should sufficiently safeguard that descriptive elements remain freely available to competitors on the market (paras. 59-60). However, the analysis above and in the following shows that the rulings of the Court are doubtful. Registering a combination of elements as a trademark does enable trademark owners to circumvent the difficulties they would normally experience when registering a single element, which was a transparent bucket in *De Zuivelhoeve/Lidl* case. See also Max Planck Institute (n 456), paras. 2.47, 2.49, which proposed to anchor explicitly in the Preamble of the Trade Mark Regulation and the Trade Mark Directive the fact that the likelihood of confusion assessment must not be based on elements that are not distinctive or otherwise ineligible for protection, although they also suggested that these elements could be protected once they become distinctive through use in trade.

substantially in marketing and branding their trademark and then claim a broad scope of protection. Since the CJEU rejected the need to keep signs freely available as a factor in the confusion analysis,⁵⁷³ judges are not allowed to make normative corrections in favour of third-party interests. If consumers perceive the transparent bucket as a source identifier, the judge must take this into account. Other CJEU rulings further encourage the judge to grant a broad scope of protection. According to the CJEU, judges must focus on the distinctive elements and not so much on the less distinctive elements. Since consumers were specifically educated to perceive the transparent bucket as a source identifier, this was the most distinctive part. From this perspective, the other elements, such as different sizes, word marks and prints were less distinctive and therefore less important. The *Bigott-Batco/Doucal* ruling of the Dutch Supreme Court, stating that similarities are more important than differences, further contributed to the judge focusing on the fact that both buckets were transparent.⁵⁷⁴

Furthermore, colours, patterns or shapes can also be claimed via a figurative mark. An example is the *IKEA/Serboucom* case.⁵⁷⁵ Serboucom exploited a chain of hardware stores where construction materials, tools and decoration articles could be purchased. IKEA had a figurative mark with blue and yellow elements and a similar mark but with 'IKEA' in blue letters. The court of appeal ruled that given the strong reputation, both of the figurative elements as words were equally distinctive.

Serboucom used a similar logo but with the words '*multimate*' and '(service)*bouwmarkt*'. According to the judge, these words had little distinctive character. The consumer would interpret the signs '*multimate*' as referring to an assortment of several devices and thus not as a badge of origin. Therefore, the average consumer would perceive the blue and yellow elements of Serboucom's logo as most distinctive. Because of the similar colours, Serboucom's sign was similar to the IKEA trademark. This outcome was not changed by the fact that the colours were not exactly the same (the colours had a different PMS number).⁵⁷⁶

The judge used empirical findings, such as the high degree of distinctiveness of the IKEA trademark on the one hand, and the lack of distinctiveness of the defendant's sign on the other hand to argue that this was a case of infringement. It is questionable whether real consumers were confused when seeing the '*Multimate*' logo. Because of the strong reputation of the IKEA logo real consumers would know that '*Multimate*' was not connected with IKEA, but with a third party. Although IKEA did not register a colour mark, they could still

⁵⁷³ Case C-102/07 *Adidas v Marca* ECLI:EU:C:2008:217, para 30.

⁵⁷⁴ District Court of Gelderland, 28 August 2009, ECLI:NL:RBARN:2009:BJ6313 – *De Zuivelhoeve/Lidl*, para 4.16. In recent years, the CJEU has taken a more cautious approach to protecting non-traditional marks. It could be argued that this case originated from a more generous period and the trademark might not have been registered if the current CJEU rulings were applied. However, because the trademark consists of a combination of several elements the refusal grounds probably still do not apply. The sign does not consist exclusively of a shape, or another characteristic which results from the nature of the goods themselves, or which is necessary to obtain a technical result or which gives substantial value to the goods. For example, the transparent bucket also has essential decorative elements that are not inherent to the generic function of the goods. Furthermore, it is questionable whether consumers would specifically buy this transparent bucket just because of the substantial value of the shape.

⁵⁷⁵ The Hague Court of Appeal, 26 January 2010, ECLI:NL:GHSGR:2010:BL1936 – *IKEA/Serboucom*.

⁵⁷⁶ *ibid* para 22.

prevent Serboucom from using similar colours because of their trademark rights on the figurative mark with blue and yellow elements.

Again, this case illustrates how trademark owners can avoid normative restrictions regarding the need to keep signs free during the registrations process. Via the backdoor of a figurative mark, trademark owners acquired protection on particular elements that would otherwise have been rejected had trademark owners asked for a single registration of an abstract colour mark or a shape.⁵⁷⁷

Similarly, in the *TUC/Apéro* case,⁵⁷⁸ the trademark owners only had a trademark right on a logo for salted crackers. According to the court, the defendant's sign, which was also used for salted crackers, was confusingly similar to the trademark owner's logo because of the similarity of the colours on the packaging. Given the high investments in marketing campaigns, market share, brand recognition and the long-term use of the trademark, the court argued that it was more likely that consumers were confused, even though the words were completely different.⁵⁷⁹ The court also stated that the product concerned was a supermarket product that consumers would purchase without thorough evaluation. Therefore, the consumer would more easily be influenced by the visual impact of the trademark they were looking for.⁵⁸⁰

In addition, the court emphasised that the similarities were more important than the differences and that the differences (such as deviation in colour, letter type, layout, and word marks) were of minor importance.⁵⁸¹ The district court further rejected the argument that the trademark owner was unduly monopolising colours with regard to salted crackers. The colours used were not common for salted crackers.⁵⁸²

The judge also attached some value to the trademark owner's consumer study. Although the trademark owner TUC seemed to have had a market leadership position, such that this actually should have been filtered out by a control group, the judge nevertheless found the results gave some indication that consumers were likely to be confused.⁵⁸³

Trademark owners have not always succeed in claiming colours via a figurative mark. For example, in the *Reckitt/Action* case,⁵⁸⁴ the court ruled that the VANISH trademark for detergents was very distinctive and well known among the relevant public because of massive marketing campaigns.

However, the court also argued that the trademark owner Reckitt could not claim any rights on the colour pink for detergents. This particular colour was only one element of their figurative marks. According to the judge, colours are normally not more than a characteristic

⁵⁷⁷ See also Kur and Senftleben (n 457) 315.

⁵⁷⁸ District Court of The Hague, 7 September 2011, HA ZA 09-589 – *TUC/Apéro*.

⁵⁷⁹ *ibid* para 4.14.

⁵⁸⁰ *ibid* para 4.9.

⁵⁸¹ *ibid* paras 4.9-4.10.

⁵⁸² *ibid* para 4.13.

⁵⁸³ *ibid* paras 4.15-4.16. See also District Court of The Hague, 21 August 2009, ECLI:NL:RBSGR:2009:BJ7097 – *Burberry/Sacha*; District Court of The Hague, 8 November 2017, ECLI:NL:RBDHA:2017:12949 – *Adidas/H&M*. For a similar outcome of a previous case in the proceedings, see: Court of Appeal of Arnhem-Leeuwarden, 1 December 2015, case 200.135.172/02, IER 2016/31 – *H&M/Adidas*.

⁵⁸⁴ Court of Appeal of The Hague, 24 February 2009, ECLI:NL:GHSGR:2009:BH6459 – *Reckitt/Action*. See also Court of Appeal of Amsterdam, 17 February 2009, ECLI:NL:GHAMS:2009:BH3125 – *Davidoff/Coscentra*.

of the goods and are used on a large scale because of their attractiveness. In the court's opinion, people are generally aware of the fact that detergents are presented in multi-coloured packaging. Consequently, the average consumer would not perceive the colour pink on the label as a badge of origin, in spite of the fact that they had been consistently presented with the appearance of the product to which the VANISH trademark was attached.

Given this fact, the judge argued that only a minimal degree of distinctiveness could be assigned to the colour pink. Accordingly, the fact that the colour pink dominated the trademarks could not have a significant impact on the overall impression. According to the judge, the average consumer who was used to the fact that detergents were presented in multi-coloured packaging would not pay special attention to the colour pink and therefore would not remember this particular colour as a badge of origin.⁵⁸⁵

It is, however, doubtful whether these assumptions are true. Consider, for instance, the widespread recognition of the lilac colour of Milka and the colour magenta of Deutsche Telekom; these examples show us that consumers are able to recognise an abstract colour as an identifier of commercial source after intensive use in trade.⁵⁸⁶ There are more reasons to believe that consumers do not by definition experience more difficulties in perceiving colours. For example, colours are easy to perceive, and they are clearly visible from a distance, in contrast to words. Colours are a good tool for remembering objects.⁵⁸⁷ Furthermore, with regard to services, consumers quickly recognise colours as an identifier of commercial source because by nature services do not have colour.⁵⁸⁸ In addition, colours can better function as identifier of commercial source than word marks if the trademark is addressed to a public that has difficulties with reading or that cannot read at all.⁵⁸⁹

However, the court probably used these assumptions, i.e. consumers will not recognise the colour of the label as an identifier of commercial source, to reach a normative purpose: colours should remain available to other users on the market. If the court had empirically assessed the perception of the consumer, the trademark owner Reckitt would have expanded their figurative mark rights to a right on an abstract colour (pink) used for detergents. Because of the attractiveness of a colour and the fact that the number of colours is limited, an

⁵⁸⁵ Court of Appeal of The Hague, 24 February 2009, ECLI:NL:GHSGR:2009:BH6459 – *Reckitt/Action*, paras 9-11. The same was concluded with regard to the purple colour used for a detergent (see para 17).

⁵⁸⁶ CTM registration 000031336 of 27 October 1999 (Kraft Foods) and CTM registration 000212787 of 3 August 2000 (Deutsche Telekom). See also CTM registration 000747949 of 23 March 2007 (MHCS) for the colour orange for alcoholic beverages; CTM registration 006258131 of 31 July 2008 (Deere & Company) for the colours green for the vehicle body and yellow for the wheels of agricultural and forestry machines; CTM registration 001079169 of 14 September 2004 (Orange Brand Services Limited) for the colour orange as a characteristic element of the trademark for telecommunication services. The colour blue was for instance accepted in the Benelux as a valid trademark for metal containers years ago: Benelux Court of Justice, 9 March 1977, *Nederlandse Jurisprudentie* 1978, 416, comment LWH; *Berichten Industriële Eigendom* 1977, 60 (Ahrendt/Leeferink; Camping Gaz). See for a more recent example Court of Appeal, Brussels, 21 October 2013, *Ing.-Cons.* 2013, 845 – *Maes v Jupiler*. See also Senfleben (n 457) 803.

⁵⁸⁷ Patricia Siple and Robert M Springer, 'Memory and preference for the colors of objects' 34 *Perception and Psychophysics* 363 (1983); Jules Davidoff, *Cognition through Color* (MIT Press 1991); Robert M Boynton and Stanley Dolensky, 'On Knowing Books by their Colors' (1979) 48 *Perceptual and Motor Skills* 479.

⁵⁸⁸ Cohen Jehoram, Van Nispen and Huydecoper (n 489) 162.

⁵⁸⁹ Neil AJ Purcell, 'Kleurmerken: ja, maar... Beschouwing van HvJ EG 6 mei 2003 (IER 2003, 50 m.nt. ChG, Libertel/BMB)' (2003) 6 *Intellectuele Eigendom en Reclamerecht* 335, 341.

expansion must be justified. For example, the threshold to achieve a trademark right on an abstract colour is much higher simply because of these normative considerations. The trademark owner must prove that the sign has acquired distinctiveness through use in trade if it wants to register an abstract colour as a mark. Conversely, a figurative mark does not have to pass this high threshold.⁵⁹⁰

This case therefore illustrates that judges sometimes did make normative corrections when the filtering mechanisms of the registration process did not function properly. In light of the CJEU case law,⁵⁹¹ judges could argue that the colour pink was not particularly dominant and could be ignored. High investments in the VANISH brand were not enough to overrule the normative objections towards keeping colours freely available for competitors.⁵⁹²

However, the fact remains that judges do have a range of rules at their disposal that favour trademark owners' investments. Even though the number of cases involving non-traditional signs was limited and judges did not always take a generous approach towards granting trademark protection, it was possible to circumvent normative restricting regarding the need to keep signs free during the registration process via the registration of a figurative mark.

5.6.3.2 Descriptive and Cultural Signs

Similar problems could arise with regard to descriptive signs. Although there were only a few cases in which the court ruled that a trademark was not distinctive, this did not mean that a trademark could not consist of descriptive elements.

For example, in the *IT-Staffing/Staffing it* case,⁵⁹³ the court found that the third party's sign 'Staffing it' had infringed the trademark rights on the figurative mark 'IT-Staffing'. Both parties used their signs for employment services. Considering the many similarities, the court said, the small differences (such as another colour and font, a hyphen and several tiny figures surrounding the letter 'I') failed to give weight to the similar overall impression.⁵⁹⁴ In addition, the court argued that the trademark had a highly distinctive character which was supported by several consumer studies, so that it was more likely that consumers were confused.⁵⁹⁵

The fact that the public consisted of professionals specialised in the IT field did not alter this conclusion. In addition, the relevant public not only consisted of companies who outsourced IT work to self-employed parties but also of self-employed parties operating in the IT field. These self-employed parties could not be expected to be more cautious because they

⁵⁹⁰ See Chapter 3.

⁵⁹¹ Case C-104/01 *Libertel* ECLI:EU:C:2003:244; Case C-49/02 *Heidelberger Bauchemie* ECLI:EU:C:2004:384.

⁵⁹² The court followed a similar line of argument with regard to the shape of the bottle that Reckitt wanted to protect via a figurative mark. The court concluded that the shape was not distinctive. Furthermore, according to the judge, consumers were not used to perceiving shapes as a source of origin. Shapes must be significantly different from the norm in the sector. This applied all the more to shapes that constituted part of a figurative mark. See: Court of Appeal of The Hague, 24 February 2009, ECLI:NL:GHSGR:2009:BH6459 – *Reckitt v Action*, paras 19-21.

⁵⁹³ District Court of Midden-Nederland, 25 April 2018, ECLI:NL:RBMNE:2018:1768 – *IT-Staffing/Staffing it*.

⁵⁹⁴ *ibid* paras 4.11-4.12.

⁵⁹⁵ *ibid* paras 4.13-4.17.

did not generally have a particular interest in knowing who was responsible for assigning the contract.⁵⁹⁶

Despite the fact that IT-Staffing was quite descriptive, the trademark owner succeeded in getting trademark protection. Empirical findings concerning the highly distinctive character of the trademark mainly determined the outcome of the case. Again, a figurative mark (containing word elements) was used to register elements that were not particularly distinctive and could have been refused if only the single words were registered.

In addition, the *'t IJs van Columbus* case⁵⁹⁷ illustrates that a cultural meaning does not necessarily overrule the mechanism that grants more protection if a trademark has a highly distinctive character. Instead of limiting scope of protection, the judge argued that the name 'Columbus' contributed to the trademark's distinctive character because the name would be more easily brought to mind owing to the associations the cultural name evoked. The defendant's sign also contained the name 'Columbus'. Given the dominant position of the name 'Columbus' in the figurative mark, the sign could therefore be seen as similar.⁵⁹⁸

Moreover, trademark owners did not even always have to invest heavily in their trademark to receive protection.⁵⁹⁹ For example, in the *LIEF!/LIEFDIER* case,⁶⁰⁰ the court found that the defendant IJsvogel c.s. infringed the trademark rights of KHF c.s. on LIEF!, which was registered for pet accessories by using the sign LIEFDIER also for the same goods and services. Firstly, the court argued that the LIEF! trademark had a distinctive character. The fact that (the adjective) LIEF (English: 'sweet') referred to the standard meaning of 'sweet', the court said, did not mean that the trademark was descriptive of the registered goods, namely dog and cat pillows.⁶⁰¹

⁵⁹⁶ *ibid* para 4.18.

⁵⁹⁷ The Hague District Court, 10 June 2014, ECLI:NL:RBDHA:2014:7508 – *'t IJs van Columbus*.

⁵⁹⁸ *ibid*, paras 4.10-4.13. Interestingly, this does not comply with the *Picasso/Picaro* case, where the AG Colomer ruled that names of great artists must be protected 'from insatiable commercial greed' (Case C-361/04 P, *Picasso v OHIM* ECLI:EU:C:2005:531, Opinion of AG D Ruiz-Jarabo Colomer, para 69). See also Case C-361/04 P *Picasso v Picaro* ECLI:EU:C:2006:25, para 32. However, in the *Einstein/Van Bokhoven* case, the court ruled that the figurative mark containing the portrait of Einstein, the famous formula 'E=Mc²' and the word 'Einstein' only reminded the public of the famous professor. The words 'Etablissement' and 'Terras – Eetcafé – Bar' were also not distinctive with respect to the goods and services for which the trademark was used within the catering sector. Because the defendant's sign only contained the word 'Einstein', the judge concluded that the sign was not confusingly similar. However, in this case, the trademark was not very well known. See: District Court of The Hague, 26 March 2009, 329321 / KG ZA 09-115 – *Einstein/Van Bokhoven*.

⁵⁹⁹ See n 513 for more cases.

⁶⁰⁰ District Court of The Hague, 2 February 2017, ECLI:NL:RBDHA:2017:921 – *KFH/IJsvogel*.

⁶⁰¹ According to the judge, the fact that a dog basket can be described as 'sweet' if it is soft and fluffy does not provide a sufficiently direct and concrete link. 'Sweet' is not a general characteristic of dog and cat pillows, but perhaps only of those that are soft and fluffy. The court argued that soft and fluffy was also not a direct meaning of sweet and it was not recorded under that meaning in the dictionary. The judge ruled that the *Caffè Nero* case (Case T-29/16 *Caffè Nero* ECLI:EU:T:2016:635) did not apply in this case. The sign 'café nero' was found to be descriptive of coffee-related products and services. In the court's opinion, the link in this case was, however, more direct and concrete than the link between pet accessories and 'sweet'. On this basis, the trademark was found distinctive and not descriptive (paras 4.6-4.7).

Secondly, the court argued that there was a likelihood of confusion.⁶⁰² According to the judge, the most obvious similarity between the trademark and the sign was the identical element LIEF. According to the judge, because LIEF in LIEF DIER was placed in front, and DIER (English: animal) must be categorised as descriptive for pet accessories, LIEF was a dominant element in LIEF DIER, or at least, it was an element with an independent place in the word combination. In the court's opinion, this suggested a high degree of auditory and visual similarity between the trademark and the sign. LIEF in LIEF DIER also had a specific meaning, the court said, because it usually referred to (a characteristic of) the animal for which the accessory was intended. According to the judge, the trademark LIEF! could be interpreted in a similar way. Therefore, the court argued, there was also a conceptual similarity between the trademark and the sign.

The registration of a quite descriptive term could therefore also have serious consequences for competitors on the market. Because of its descriptive character, the trademark indirectly informed consumers about a characteristic of the animal for which the accessory was intended. This could give trademark owners KFH c.s. an unfair advantage on competitors on the market. Defendant IJsvogel c.s. was no longer allowed to use a similar term for their product. Furthermore, the specific meaning that the trademark LIEF! evoked by its descriptiveness was used against the defendant when assessing likelihood of confusion. Because the trademark LIEF! usually referred to a characteristic of the animal for which the accessory was intended – pets are usually associated with such terms as sweet, soft and fluffy – there was also a conceptual similarity.

While the court found the link between pet accessories and sweet to be insufficiently direct to deprive the trademark owner of his rights, this link was, however, direct enough to conclude that the trademark and sign were conceptually similar. Instead of limiting the scope of protection by emphasising the differences between the trademark and the sign, such as the interspace between LIEF and DIER, the different look and feel, and the exclamation mark, the judge looked at the similarities instead of the differences and labelled these as dominant. Because judges need to consider the overall impression created by marks, slightly distinctive trademarks could be considered dominant and distinctive if the defendant's sign did not contain particularly distinctive elements.⁶⁰³

⁶⁰² Although the sign LIEFDIER was used as a single word, the judge ruled that the average consumer would perceive the sign as LIEF DIER (with two words). It argued that this could be derived from the logo and from a Facebook post in which the defendants had written about the 'LIEF DIER collection' (para 4.14).

⁶⁰³ A more restricted approach would involve looking at the various elements in isolation. Courts could deny any similarity between signs if the elements coinciding in two conflicting signs were not protectable as such. Although the infringement claim could also have been successful under this approach since the LIEF trademark was found to be distinctive, in some other cases it would have led to the claim being rejected. For example, in the *Connect/Connect Professionals* case involving employment agencies, the trademark was slightly distinctive. If the judge had assessed the elements 'Connect' and 'Professionals' in isolation, the judge might have argued that the trademark CONNECT was slightly distinctive and therefore the slightest difference between the marks (like 'Professionals') could have been enough to reject the infringement claim. District Court of Gelderland, 4 April 2017, ECLI:NL:RBGEL:2017:2433 – *Connect/Connect Professionals*. See also Kur (n 470) 99.

5.6.4 Summation

As shown above, in practice, the automatism of granting more protection in response to heavier investments in marketing and branding did not often appear when dealing with descriptive, cultural and non-traditional signs. From this perspective, the situation was not alarming.

Nevertheless, in some cases, trademark owners still succeeded in achieving broad protection for descriptive, cultural and non-traditional signs. In particular, figurative marks formed a risk. When trademark owners invested heavily in their logo, the elements concerned, such as particular colours, automatically became very well known to consumers. When a defendant used similar colours in their logo, this could lead to infringement even if the defendant added a different word mark. Since judges are not allowed to make normative corrections towards third-party interests and trademark owners can avoid normative restricting during the registrations process, trademark owners with deep pockets may have a free hand in achieving broad trademark protection with regard to descriptive, cultural and non-traditional signs.⁶⁰⁴

It is true that in some cases courts blocked this automatism of granting more protection to highly distinctive trademarks. Courts simply argued that the signs were not similar or emphasised the fact that consumers were not used to perceiving colours as a badge of origin. Nevertheless, there were also cases in which courts did not deviate from the pattern of granting more protection to highly distinctive signs. Trademark owners sometimes did not even have to invest heavily in their trademark to achieve broad protection. In some cases, the CJEU rulings were enough to conclude that the signs were similar, for example because both signs started with the same and therefore eye-catching elements.

5.7 An Exemplary Study of UK Case Law

To check whether similar conclusions could be drawn for other EU Member States, an exemplary study was done of UK case law. A small sample of UK cases⁶⁰⁵ seems to confirm these findings. In the UK cases, the claimant also won more often than he lost.⁶⁰⁶ Similarity

⁶⁰⁴ Even under the new limitations, the use of the sign would probably still not be justified since it would have to be in accordance with honest commercial practices. Given the notoriety of the colours, i.e. as in the *IKEA/Serboucom* case, using similar colours would probably be seen as unfairly competing with the trademark owner. Because of the notoriety of the colours, consumers will automatically think of IKEA when confronted with similar colours; irrespective of the question whether the defendant used their own trademark or not. The use of similar colours can also not be seen as intended to give an indication concerning one of the specified characteristics of the goods. See Case C-63/97 *BMW v Deenik* ECLI:EU:C:1999:82, para 61; Case C-100/02 *Gerolsteiner Brunnen GmbH & Co* ECLI:EU:C:2004:11, para 26; Case C-102/07 *Adidas v Marca* ECLI:EU:C:2008:217, paras 47-48.

⁶⁰⁵ The database darts-ip.com was used for selecting this sample. I used the application through a license from the Max Planck Institute of Innovation and Competition in Munich. See <www.darts-ip.com> accessed 6 July 2020. I opted for 'Case law' > 'Trade mark' > 'Search by Court/Date/Reference' > 'Europe' > 'United Kingdom'. Thereafter I chose 'Points of law' > 'Conflict between trade marks' > 'Likelihood of confusion'. I selected 'Infringement Action' and 'Cases'. I analysed cases that were selected by Darts-ip from 2014-2018. The sample consisted of 20 cases.

⁶⁰⁶ The confidence interval of winning 17 out of 20 cases is 59.9<p<92.9% (with 95% reliability).

between signs played a crucial role in the likelihood-of-confusion assessment. This factor was discussed in all cases, in contrast to factors of similarity of goods and services and degree of distinctive character. In most cases the consumer had an average degree of attention, and only in a few cases the UK courts deviated from the benchmark of the average consumer.⁶⁰⁷ Consumer surveys also played a modest role in the UK cases.⁶⁰⁸ Instead, witness statements were frequently used as evidence of actual confusion.

Furthermore, in the majority of cases, the degree of distinctive character was average or high. A high degree of distinctive character was in some cases even explicitly rewarded with a winning claim.⁶⁰⁹ Furthermore, the rule stating the more distinctive the earlier mark is, the greater will be the likelihood of confusion, was well known among judges and regularly found in the beginning of the decision, where judges outlined the legal framework. In other words, in UK case law, infringement factors also seemed to favour trademark owners' investments.

Nevertheless, in practice, in UK case law, the risk of misappropriating descriptive, cultural and non-traditional signs also seems to be limited. The majority of cases concerned word marks and figurative marks containing word elements.⁶¹⁰ In one case, involving the shape of a London taxi, the trademark owner even lost. The court found that the trademark was invalid. Consumers would have difficulties recognising shapes as a source of origin and because of the Regulation for London taxis, consumers would think that there was only one kind of London taxi.⁶¹¹

However, in some UK cases, trademark owners succeeded, via a figurative mark. For example, in the *Enterprise/Europcar* case, the trademark owner's high investments in marketing and branding campaigns were awarded. Both parties used the letter 'e' in their logos. The judge considered that the letter 'e' was an extremely commonplace letter, and it was widely used in both descriptive and denominative contexts.⁶¹² However, the judge also argued that the letter 'e' was not widely used in logos to denote providers of vehicle rental services in the UK, thus the logo had inherent distinctive character. Furthermore, the court argued that the 'e' logo had an enhanced distinctive character as a result of its use for vehicle rental services.⁶¹³ This high distinctive character and the fact that both parties used their logos for identical services supported a likelihood of confusion even though a low similarity

⁶⁰⁷ The confidence interval of selecting 16 cases referring to the average consumer with a normal degree of attention out of 20 cases is 59.9<p<92.9% (with 95% reliability).

⁶⁰⁸ The confidence interval of selecting 19 cases without a reference to consumer surveys out of 20 cases is 71.8<p<98.2% (with 95% reliability).

⁶⁰⁹ *Enterprise v Europcar* [2015] EWHC 17 (Ch), [2015] 16 ETMR 364, para 216; *Comic Enterprises v 20th Century Fox* [2016] EWCA Civ 41, [2016] 22 ETMR 476, para 91; *Titanic Spa v Stanley Dock & Others* [2016] EWHC 3103 (Ch), [2017] 12 ETMR 274, para 80; *Design Elements v DesignElements* [2017] EWHC 1400 (IPEC), [2017] 34 ETMR 803, paras 78, 88; *Frank v Nike* [2018] EWHC 1893 (Ch), [2019] 4 ETMR 42, para 117.

⁶¹⁰ The confidence interval of selecting 19 cases concerning word or figurative marks out of 20 cases is 71.8<p<98.2% (with 95% reliability).

⁶¹¹ *LTC v FNR* [2017] EWCA Civ 1729, [2018] 7 ETMR 142, paras 66-69.

⁶¹² *Enterprise v Europcar* [2015] EWHC 17 (Ch), [2015] 16 ETMR 364, para 183.

⁶¹³ *ibid* paras 183-198.

between the logos was found and in fact granted the trademark owner a monopoly on a single letter with regard to vehicle rental services.⁶¹⁴

Finally, in the *Thomas Pink/Victoria's Secret* case, the claimant had registered the word 'PINK' with pink lines making up the letters for clothing and other accessories.⁶¹⁵ The defendant, Victoria's Secret, launched a sub-brand called 'PINK', also used for clothing. The court found that the trademark had acquired a distinctive character through use, but argued that pink was a colour,⁶¹⁶ so it did not have an enhanced, but only a normal, level of distinctive character.⁶¹⁷ Nevertheless, the use of PINK emblazoned on the defendant's items of clothing still created a likelihood of confusion among consumers since the goods were identical and the signs were very similar. The same applied to the use of PINK in slogan and device format.⁶¹⁸ Although the claimant did not use a colour mark, he still managed to (partly) claim the colour pink via the logo.

As these UK cases show, it can pay off to invest heavily in marketing and branding campaigns. In the majority of cases, trademark owners won the case while the degree of distinctiveness was often average or high. Nevertheless, the risk of misappropriating descriptive, cultural and non-traditional signs seems to be limited since in most cases, this concerned a word mark or a figurative mark. However, the UK cases also illustrate that this type of mark may be a risk for the trademark system. Via the registration of a figurative mark, trademark owners received protection for the letter 'e' for vehicle rental services and the colour pink for clothing and other accessories. Without these investments and additional consumer studies it is doubtful whether the claimants would have won.

5.8 Conclusion

This chapter considers whether there is a risk of trademark law being strategically used as a self-servicing mechanism by the industry. In this respect, two features of the trademark system are particularly worrisome. First, trademark owners can strengthen the distinctive character of their marks by investing in marketing and branding campaigns. Second, trademark owners can afford expensive surveys demonstrating the high distinctiveness of their marks thus strengthening their position in an infringement case.

As shown above, the EU trademark system indeed encourages and rewards trademark owners' investments in several ways. An empirical study of Dutch case law demonstrates that trademark owners more often win than lose. Furthermore, trademark owners more often win the more they invest in their trademark. In addition, when a court applies the CJEU rule stating that consumers are more easily confused when confronted with a highly distinctive

⁶¹⁴ *ibid* paras 7, 216. Interestingly, two of the claimant's registrations were subject to disclaimers of the right to the exclusive use of a letter 'E'.

⁶¹⁵ *Thomas Pink v Victoria's Secret* [2014] EWHC 2631 (Ch), [2014] 57 ETMR 1129.

⁶¹⁶ *ibid* 151. 'If a consumer asks for a "pink shirt" they may mean to refer to the claimant or they may simply be referring to the colour of the item.'

⁶¹⁷ *ibid* para 151.

⁶¹⁸ *ibid* paras 169-170. However, no likelihood of confusion existed with regard to the swing tags and garment labels on clothing. The sign PINK was not distinctive enough to retain a distinctive role independently of the well-known brand VICTORIA'S SECRET when used on swing tags and labels in the retail context in the defendant's PINK stores (para 178).

trademark, trademark owners also win most cases. Furthermore, judges are more likely to label signs as similar if a trademark is highly distinctive. Moreover, consumer surveys further strengthen trademark claims.

The analysis also illustrates, however, that cases involving attempts to monopolise descriptive, cultural and non-traditional signs (where trademark protection may endanger freedom of expression and freedom of competition) are not widespread. Granting broad protection to fantasy marks and other fanciful forms of marks does not seem inconsistent in light of the rationales underlying trademark law. In addition, in some cases both parties had enough financial resources to afford the often expensive studies. Besides, judges did not always give more protection when the trademark was very well known. When necessary, judges simply stated that the signs were not similar.

Nevertheless, this does not mean that there is no risk at all of granting overbroad protection against confusion when it comes to descriptive, cultural or non-traditional signs. The study of Dutch case law indicates that trademark owners indeed sometimes succeed in achieving a broad scope of protection with regard to descriptive, cultural and non-traditional signs. In particular, figurative marks may form a risk. Since they allow trademark owners to circumvent normative restrictions when registering a figurative mark, and judges, in line with the CJEU decision in *Adidas/Marca*,⁶¹⁹ are not allowed to make normative corrections towards third-party interests on the basis of a need to keep signs freely available on the market, trademark owners with deep pockets can go very far in infringement cases. Consequently, this may lead to an unbalanced market situation with, on the one hand, trademark owners enjoying broad trademark rights and competitive advantages from the sign as such, and on the other hand, third parties being excluded from using these appealing signs and being forced to use less effective trademarks because these signs are not available in sufficient supply.

As long as the CJEU persists in refusing to consider the need to keep signs freely available to competitors on the market as a relevant factor in the likelihood-of-confusion assessment, trademark owners will invest heavily – and sometimes be rewarded – with a broad scope of protection. If we want to further reduce the risk of descriptive, cultural and non-traditional signs no longer being freely available to competitors on the market, we must recalibrate the confusion analysis and allow judges to make normative corrections in favour of third parties' freedom of expression and freedom of competition. In this way, judges will be better equipped to weigh trademark owners' interests against the interests of competitors and the general consuming public. Accordingly, judges should be able to permit unauthorised uses of trademarks even when this might lead to likelihood of confusion among consumers. Consumers would not be confused about the commercial origin of goods or services if enterprises were not able to invest in these non-distinctive signs in the first place.⁶²⁰

⁶¹⁹ Case C-102/07 *Adidas v Marca* ECLI:EU:C:2008:217, para 30.

⁶²⁰ If these signs were definitely excluded from trademark protection, enterprises would not be interested in investing in marketing campaigns aimed at educating consumers about the role of these signs as identifiers of commercial source. This would in turn reduce the need for protecting consumers against potential confusion by awarding trademark protection. See also Lotte Anemaet, 'The Public Domain Is Under Pressure – Why We Should Not Rely on Empirical Data When Assessing Trademark Distinctiveness' 47 *Int Rev Intellect Prop*

Therefore, the fact that consumers are likely to be confused should not prevent judges from refraining from a cause of action that may lead to an imbalanced anti-confusion assessment and generate dysfunctional incentives.

Compet Law 303 (2016) 308-309; Ramsey (n 457) 1100, 1150; McKenna (n 458) 1899. See also William McGeeveran and Mark P McKenna, 'Confusion Isn't Everything' 89 Notre Dame Law Review 253 (2013).

6 Which Honesty Test for Trademark Law? Why Traders' Efforts to Avoid Trademark Harm Should Matter When Assessing Honest Business Practices

This chapter argues that the honest practices proviso should be more empirically based. Judges should focus on the efforts made by the competitor to avoid detriment to the trademark and on whether consumers perceive the potentially infringing sign differently because of these efforts. If the defendant has taken sufficient measures to minimise possible harm to the trademark owner but some confusion still exists or some advantage is taken, the use of the trademark should be allowed when these side effects are outweighed by overarching market values, such as furthering freedom of competition and enhancing consumer information and consumer choice. This conduct-based approach ensures that not only the legitimate interests of the trademark owner but also those of third parties are taken into account. In this way, trademark owners cannot prevent honest use of the trademark if the defendant has taken sufficient efforts to minimise harm, and at the same time third parties must respect trademark owners' interests to the largest extent possible if they want the trademark limitations to apply.

6.1 Introduction

Trademark rights are not absolute. At the international level, Art. 17 of the TRIPS Agreement allows for the adoption of limited exceptions in national legislation.⁶²¹ On the basis of this international provision, Art. 14 of the Trade Mark Directive (TMD 2015) and Art. 14 of the European Trade Mark Regulation (EUTMR) enable the reconciliation of the interests of the trademark owner with competing interests of other traders and the public at large.

Following the case law of the Court of Justice of the European Union (CJEU), these provisions 'seek to reconcile the fundamental interests of trade mark protection with those of free movement of goods and freedom to provide services in the common market in such a way that trade mark rights are able to fulfil their essential role in the system of undistorted

* This chapter is based on: Anemaet, L (2021) Which Honesty Test for Trademark Law? Why Traders' Efforts in Avoiding Trademark Harm Should Matter When Assessing Honest Business Practices, GRUR Int 70 (forthcoming).

⁶²¹ Annette Kur and Martin RF Senftleben, *European Trade Mark Law. A Commentary* (Oxford University Press 2017) 53-55, 406-407; Lisa P Ramsey and Jens Schovsbo, 'Mechanisms for Limiting Trade Mark Rights to Further Competition and Free Speech' (2013) 44 IIC 671, 688-689; Annette Kur, 'Of Oceans, Islands, and Inland Water – How Much Room for Exceptions and Limitations under the Three-Step Test' (2009) 8 Rich J Global L & Bus 287, 309; Graeme B Dinwoodie, 'Lewis & Clark Law School Ninth Distinguished IP Lecture: Developing Defenses in Trademark Law' (2009) 13 Lewis and Clark Law Review 99, 102; Nicolas Dontas, 'Permitted use under international law' in Jeremy Phillips (eds), *Trade Marks at the Limit* (Edward Elgar 2006) 6-9; Martin RF Senftleben, 'Towards a Horizontal Standard for Limiting Intellectual Property Rights? WTO Panel Reports Shed Light on the Three-Step Test in Copyright Law and Related Tests in Patent and Trademark Law' (2006) 37 IIC 407, 407-438; WTO Panel, 15 March 2005, WTO Document WT/DS174/R, 'European Communities – Protection of trademarks and geographical indications for agricultural products and foodstuffs', paras 7.647, 7.650-7.651; based on complaints by the United States (WT/DS174) and Australia (WT/DS290).

competition which the Treaty seeks to establish and maintain'.⁶²² The CJEU further emphasises that, in general, the EU trademark legislation in the field of limitations of protection aims 'to strike a balance between the interest of the proprietor of a trade mark to safeguard its essential function, on the one hand, and the interests of other economic operators in having signs capable of denoting their goods and services, on the other'.⁶²³ Similarly, the CJEU indicated regarding an exhaustion dispute that 'a balance must be struck between, on the one hand, the legitimate interest on the part of the licensee of the right to the trade mark constituted by the shape of the composite bottle and the proprietor of the marks affixed to that bottle in profiting from the rights attached to those marks and, on the other, the legitimate interests of purchasers of those bottles, in particular the interest in fully enjoying their property rights in those bottles, and the general interest in maintaining undistorted competition'.⁶²⁴

Therefore, use of a sign must be tolerated if the societal interest in unauthorised use by prohibiting such use given the circumstances, in particular, cuts into freedom of (commercial) expression and freedom of competition, turns out to be more harmed than the impact on the trademark owner's rights.⁶²⁵

Article 14(1) TMD 2015 and Art. 14(1) EUTMR enumerate three specific situations⁶²⁶ in which the unauthorised use of a trademark is in principle allowed: (a) use of one's own name and address; (b) use of indistinctive signs and use for descriptive purposes; and (c) use of a sign referring to goods or services as those of the trademark owner, in particular where that is necessary to indicate the intended purpose. The reference in Art. 9(3)(f) EUTMR and Art. 10(3)(f) TMD 2015 respectively to Directive 2006/114/EC⁶²⁷ further indicates that the terms under which comparative advertising is permitted are also applicable in the context of trademark law. Compliance with the harmonised requirements for comparative advertising, however, prevents a finding of *prima facie* infringement.

⁶²² Case C-22/03 *Gillette/L.A.-Laboratories* ECLI:EU:C:2005:177, para 29; Case C-63/97 *BMW/Deenik* ECLI:EU:C:1999:82, para 62; Case C-100/02 *Gerolsteiner Brunnen* ECLI:EU:C:2004:11, para 16.

⁶²³ Case C-482/09 *Budějovický Budvar* ECLI:EU:C:2011:605, para 34; Case C-145/05 *Levi Strauss* ECLI:EU:C:2006:264, paras 28-29.

⁶²⁴ Case C-46/10 *Viking Gas/Kosan Gas* ECLI:EU:C:2011:485, para 31.

⁶²⁵ Kur and Senftleben (n 621) 407.

⁶²⁶ The list of limitations on trademark rights is a closed one. Nevertheless, when determining the scope of intellectual properties, there is a tendency in EU intellectual property law to refer to constitutional and treaty obligations to safeguard freedom of speech and the freedom to conduct business. The EU trademark law reform has also broadened the intended purpose defence to a more general referential use defence. Any use of a trademark 'for the purpose of identifying or referring to goods or services as those of the proprietor of the trade mark' is allowed as long as it complies with the provision. Currently, the provision also covers referential use that honestly indicates the resale of genuine goods bearing the trademark. Fair referential use 'for the purpose of artistic expression' seems also to be permitted as long as it complies with honest business practices. The preambles of the TMR (recital 27) and EUTMR (recital 21) further indicate that defences 'should be applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression'. See Ramsey and Schovsbo (n 621); Lionel Bently and others, *Intellectual Property Law* (5th edn, Oxford University Press 2018) 114; Kur and Senftleben (n 621) 408; Martin RF Senftleben, 'Adapting EU Trademark Law to New Technologies – Back to Basics?' in Christophe Geiger (ed), *Constructing European Intellectual Property. European Intellectual Property Institutes Network Series* (Edward Elgar 2013) 137, 167-175.

⁶²⁷ Directive 2006/114 EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising [2006] OJ L376/21 (27 December 2006) (MCAD).

The limitations listed in the first paragraph of Art. 14 only apply if the use of the trademark complies with honest practices in industrial or commercial matters (Art. 14(2) TMD 2015 and EUTMR). This requirement is also included in recital 27 TMD 2015 and recital 21 EUTMR. As it directly impacts the operation of limitations, an appropriate interpretation of this legal condition is essential.

In *Gerolsteiner Brunnen*, the CJEU ruled that the condition of ‘honest practice’ constitutes in essence the expression of a duty to act fairly in relation to the legitimate interests of the trademark owner.⁶²⁸ Drawing up the concept of ‘honest practices’, the CJEU explained in the *Gillette* case – clearly inspired by the conditions of legitimate comparative practices⁶²⁹ – that a third party’s use is not in accordance with honest practices if ‘it is done in such a manner as to give the impression that there is a commercial connection between the third party and the trade mark owner; it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute; it entails the discrediting or denigration of that mark; or where the third party presents its product as an imitation or replica of the product bearing the trade mark of which it is not the owner’.⁶³⁰

On the subject of honest practices regarding the use of trade names allegedly conflicting with an earlier trademark,⁶³¹ the CJEU mentioned as factors in *Anheuser Busch* and *Céline* the extent to which the use of the third party’s trade name would be understood by the relevant public as indicating a link between the third party’s goods and the trademark proprietor, and the extent to which the third party ought to have been aware of this fact. Another factor mentioned was whether the trademark concerned enjoyed a reputation of which the third party sought to take advantage without due cause.⁶³²

With regard to keyword advertising, the CJEU argued in *Portakabin/Primakabin* that an advertiser who used the trademark of a competitor as a keyword for sponsored search results could not, as a rule, rely on the trademark defences.⁶³³ The CJEU assumed that the advertiser would as a rule not be acting fairly in relation to the legitimate interests of the trademark owner: ‘in the event that the national court finds that the ad does not enable average internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the trade mark proprietor or from a third party, it is unlikely that the advertiser can genuinely claim not to have been aware of the ambiguity thus caused by its ad. It is the advertiser itself, in the context of its professional strategy and with full knowledge of the economic sector in which it operates, which chose a keyword corresponding to another person’s trade mark and which, alone or with the assistance of the

⁶²⁸ Case C-100/02 *Gerolsteiner Brunnen/Putsch* ECLI:EU:C:2004:11, para 24.

⁶²⁹ art 4 of the MCAD.

⁶³⁰ Case C-228/03 *Gillette* ECLI:EU:C:2005:177, para 49.

⁶³¹ The own name defence has changed under the new legislation. Currently, art 14(1)(a) TMD 2015 and art 14(1)(a) EUTMR explicitly state that the own name defence only concerns natural persons using their own name. In these cases the CJEU ruled – contrary to the Council and Commission opting for a limited interpretation – that the defence was not limited to personal names but also included trade names.

⁶³² Case C-245/02 *Anheuser-Busch* ECLI:EU:C:2004:717, para 83; Case C-17/06 *Céline* ECLI:EU:C:2007:497, para 34. See further: Kur and Senftleben (n 621) 432; Annette Kur, Thomas Dreier and Stefan Luginbuehl, *European Intellectual Property Law. Text, cases and materials* (2nd edn, Edward Elgar 2019) 266-267.

⁶³³ Case C-558/08 *Portakabin/Primakabin* ECLI:EU:C:2010:416, para 72.

referencing service provider, designed the ad and therefore decided how it should be presented.⁶³⁴

Based on these CJEU rulings, the Commission's proposal for a reform of trademark law suggested that the use of a sign conflicting with a trademark should be deemed not to comply with honest practices if it gives the impression of a commercial connection between the sign and the mark, or if it takes unfair advantage of, or is detrimental to, the distinctive character or reputation of the trademark without due cause.⁶³⁵ However, this proposal was criticised for being inappropriate and potentially dangerous since it almost literally repeated the infringement criteria, thereby resulting in a circular line of reasoning and leaving the limitations practically moot.⁶³⁶ If the Commission's proposal had been implemented, it would indeed have had undesirable consequences. However, some argue that the situation has hardly improved since the standard for assessing honest practices has remained unspecified and the leading CJEU case law still relies heavily on the same criteria that have been applied to establish *prima facie* infringement.⁶³⁷ As Jennifer Davis notes:

‘the interpretation of specific limitations, such as what constitutes descriptive use or what falls within the “spare parts” defence, has advanced very little from the early days of the first Directive. And in the case of descriptive use, once a descriptive word has become distinctive, it is difficult to see how a defence of descriptive use by a third party would succeed in any event. As for cases concerned with freedom of expression, there have been, since the Directive, instances in member states where the courts have been asked to choose between free political speech and trademark protection, but again they are surprisingly few.’⁶³⁸

Furthermore, she emphasises that ‘if the limitations to trademark infringement have had any effect, it has been to help balance the interests of (often powerful) competitors rather than to create a protected public domain for freedom of expression’.⁶³⁹

If trademark limitations are supposed to balance the interests of traders and enhance freedom of competition and freedom of (commercial) expression, the honest practices proviso has to be interpreted differently than it has been so far. Merely repeating the infringement

⁶³⁴ *ibid* para 70.

⁶³⁵ Kur and Senftleben (n 621) 432; Kur, Dreier and Luginbuehl (n 632) 267.

⁶³⁶ Martin RF Senftleben and others, ‘The Recommendation on Measures to Safeguard Freedom of Expression and Undistorted Competition: Guiding Principles for the Further Development of EU Trade Mark Law’ (2015) 37 EIPR 337, 339; Kur and Senftleben (n 621) 432; Bently and others (n 626) 1135; Ilanah Simon, ‘Nominative Use and Honest Practices in Industrial and Commercial Matters – A Very European History’ (2007) Intellectual Property Quarterly 117, 127; Grace Smith, ‘Honest commercial use in light of the ECJ’s *Gerolsteiner* Ruling’ in Jeremy Phillips (ed), *Trade Marks at the Limit* (Edward Elgar 2006) 142; Dinwoodie (n 621) 112; Kur, Dreier and Luginbuehl (n 632) 267.

⁶³⁷ Kur and Senftleben (n 621) 432; Kur, Dreier and Luginbuehl (n 632) 267.

⁶³⁸ Jennifer Davis, ‘Limitations to Trademark Protection’ in Irene Calboli and Jane C Ginsburg (eds), *The Cambridge Handbook of International and Comparative Trademark Law* (Cambridge University Press 2020) 558-570, 569.

⁶³⁹ *ibid* 570.

analysis when interpreting the honest practices proviso could hinder freedom of competition and (commercial) freedom of expression.⁶⁴⁰

The question then is how to interpret the honest practices proviso without merely repeating the infringement analysis. Should judges view the honest competitor from a normative perspective (according to ethical standards concerning behavioural norms of fairness and decency in a given society or sector of trade)? Or should they adopt an empirical perspective (considering the measures taken by competitors to reduce trademark harm and how consumers perceive these measures)?

This chapter argues that the honest practices proviso should be more empirically based. Judges should focus on the efforts made by competitors to avoid detriment to the trademark and on whether consumers perceive the potentially infringing use differently because of these efforts. If the defendant has taken sufficient measures to minimise possible harm to the trademark owner but some confusion still exists or some advantage is taken, the use of the trademark should be allowed if these side effects are outweighed by overarching market values, such as furthering freedom of competition (and commercial expression) and enhancing consumer information and consumer choice.

This conduct-based approach takes into account not only the legitimate interests of the trademark owner but also those of third parties. In this way, trademark owners cannot prevent unauthorised use of the trademark if the defendant has made sufficient efforts to minimise harm, and at the same time third parties must respect trademark owners' interests to the largest extent possible if they want the trademark limitations to apply. Accordingly, the limitations are no longer a mere repetition of the infringement criteria, but become true counterbalances and efficient safeguards against overbroad protection.

I first discuss Art. 10^{bis} of the Paris Convention (PC) since it is from this provision that the expression 'honest practices in industrial and commercial matters' is derived (Section 2).⁶⁴¹ I then analyse whether there is room for a broader interpretation of the concept of honest practices under CJEU case law (Section 3). In Section 4, I give some examples to illustrate how national courts could interpret the concept of honest practices. Section 5 concludes.

⁶⁴⁰ Although non-distinctive, descriptive and generic signs will not be registered because of their lack of distinctiveness, these signs can however acquire distinctiveness through use in trade and subsequently be registered. See arts 4(4) Trademark Directive, 6^{quinquies}(C)(1) Paris Convention and 15(1) TRIPS Agreement. See also Case C-108/97, C-109/97 *Windsurfing Chiemsee* ECLI:EU:C:1999:230, paras 44-45. The refusal grounds alone are therefore not sufficient to keep the trademark system balanced. Furthermore, as soon as a sign becomes highly well known, it is difficult for competitors to prove that they used the sign descriptively because the sign, for example 'Chiemsee', has in fact 'been robbed of its descriptive character, as far as its market use is concerned'. See Davis (n 638) 562, 564.

⁶⁴¹ See: para 41 of the Preamble of the TMD 2015. See also: Christopher Wadlow, *The Law of Passing-Off. Unfair competition by misrepresentation* (3rd edn, Sweet & Maxwell 2004) 51; Case C-2/00 *Hölderhoff/Freiesleben* ECLI:EU:C:2001:468, Opinion of AG Jacobs, para 59.

6.2 Article 10^{bis} of the Paris Convention

6.2.1 Background

The exact meaning of the expression ‘honest practices in industrial and commercial matters’ is not provided in Art. 14(2) TMD 2015 and Art. 14(2) EUTMR. Since this concept was derived from Art. 10^{bis} PC, you would expect this provision to provide some guidance concerning the meaning of ‘honest business practices’.⁶⁴² Article 10^{bis} PC is the basic international standard in the area of unfair competition law that addresses the question of the right demarcation between fair competition and inappropriate competitive conduct. The Paris Convention dates back to 1883.⁶⁴³

In 1900, at the Brussels Conference for the Revision of the Paris Convention, the repression of unfair competition was recognised as part of industrial property protection at the international level. The Conference agreed with the insertion of Art. 10^{bis} PC that ‘[n]ationals of the Convention [...] shall enjoy, in all States of the Union, the protection granted to nationals against unfair competition’.⁶⁴⁴ The provision was merely intended to stop discrimination that existed in some countries between foreigners and nationals concerning protection against unfair competition, and extend the principle of national treatment of Art. 2 PC.⁶⁴⁵

Eleven years later, in 1911, the Revision Conference of Washington went a step further by agreeing on an obligation among Convention countries to ensure effective protection against unfair competition.⁶⁴⁶ At the 1925 Revision Conference of The Hague, this obligation was

⁶⁴² Although the exact intended meaning of Art. 10^{bis} PC may be difficult to pinpoint: ‘Article 10^{bis} of the Paris Convention obligates the member states to enact a general clause against *any act of competition contrary to honest practices in industrial or commercial matters*. This was a rather bold move that, to this day, has not resulted in a uniform implementation, let alone interpretation of what protection against unfair competition actually entails.’ See: Anselm Kamperman Sanders, ‘Dilution and Damage beyond Confusion in the European Union’ in Calboli and Ginsburg (n 638) 499-510, 500.

⁶⁴³ This Convention was negotiated in Paris in 1880, signed there in 1883 and ratified in 1884. See George HC Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property as revised at Stockholm in 1967* (BIRPI 1968) 9; Sam Ricketson, ‘The Trademark Provision in the Paris Convention for the Protection of Industrial Property’ in Calboli and Ginsburg (n 638) 3-26; Louis Altman and Malla Pollack, *Callmann on Unfair Competition, Trademarks and Monopolies* (4th edn, Thomson Reuters 2020) para 27:2; Rogier W de Vrey, *Towards a European Unfair Competition Law. A Clash Between Legal Families. A comparative study of English, German and Dutch law in light of existing European and international legal instruments* (Martinus Nijhoff Publishers 2006) 12; Frauke Henning-Bodewig, ‘International Unfair Competition Law’ in Reto M Hilty and Frauke Henning-Bodewig (eds), *Law Against Unfair Competition. Towards a New Paradigm in Europe? MPI Studies on Intellectual Property, Competition and Tax Law*, vol 1 (Springer 2007) 53. See further: <<https://www.wipo.int/treaties/en/ip/paris/>> accessed 18 May 2021.

⁶⁴⁴ See ‘Union internationale pour la protection de la propriété industrielle,’ Actes de la conférence réunie à Bruxelles du 1er au 14 décembre 1897 et du 11 au 14 décembre 1900, Berne 1901, 164 (proposal by France), 187-188, 301, 382-383 (discussion and adoption).

⁶⁴⁵ Stephen P Ladas, *Patents, Trademarks, and Related Rights. National and International Protection*, vol 3 (Harvard University Press 1975) 1678.

⁶⁴⁶ See ‘Union internationale pour la protection de la propriété industrielle,’ Actes de la conférence réunie à Washington du 15 mai au 2 juin 1911, Berne 1911, 53 (proposal), 105, 224, 255, 305, 310 (observations and adoption).

strengthened by introducing a definition and including examples of acts of unfair competition in Art. 10^{bis} PC.⁶⁴⁷ The 1934 London Conference improved the provisions,⁶⁴⁸ and an additional example of acts of unfair competition was included at the Revision Conference of Lisbon in 1958 (Art. 3(3) PC).⁶⁴⁹ As a result of the last revision conference in Stockholm in 1967, Art. 10^{bis} PC now reads as follows:

- ‘(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.
- (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.
- (3) The following in particular shall be prohibited:
 - 1. All acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
 - 2. False allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
 - 3. Indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.’

The current text of Art. 10^{bis} PC reflects the described historical development of the provision. The first paragraph prescribes the duty to ensure effective protection against unfair competition. The second paragraph defines unfair competition as ‘[a]ny act of competition contrary to honest practices in industrial or commercial matters’. The third paragraph includes three examples⁶⁵⁰ of cases which must especially be forbidden: the causing of confusion regarding a competitor’s establishment, goods or activities (para. 1); the discrediting of a competitor’s establishment, goods or activities (para. 2); and the misleading of the public as to the nature or other characteristics of one’s own goods (para. 3). This section is added in Art.

⁶⁴⁷ See ‘Union internationale pour la protection de la propriété industrielle,’ Actes de la conférence réunie à La Haye du 8 octobre au 6 novembre 1925, Berne 1926, 252, 255 (proposal), 348, 351, 472, 478, 525, 546-547, 578, 581 (observations and adoption).

⁶⁴⁸ The London Conference expanded the scope of protection by replacing the reference to competitors’ products with the formula ‘the establishment, the goods, or the industrial or commercial activities of a competitor’. A proposal by Germany aimed at prohibiting some forms of comparative advertising was dismissed. See ‘Union internationale pour la protection de la propriété industrielle,’ Actes de la conférence réunie à Londres du 1er mai au 2 juin 1934, Berne 1934, 197-198 (proposal), 287-290, 417-422, 469-470, 519 (observations and adoption).

⁶⁴⁹ See ‘Union internationale pour la protection de la propriété industrielle,’ Actes de la conférence réunie à Lisbonne du 6 au 31 octobre 1958, Geneva 1963, 725, 784 (proposal by Austria), 106, 118, 725-727, 789-790, 852 (discussion and adoption). See also: Bodenhausen (n 643) 142-143; Frauke Henning-Bodewig, ‘International Protection Against Unfair Competition – Art. 10^{bis} Paris Convention, TRIPS and WIPO Model Provisions’ (1999) 2 IIC 166, 171-173; Altman and Pollack (n 643) para 27:12, p 33.

⁶⁵⁰ Bodenhausen (n 643) 145. Gerhard Schricker and Frauke Henning-Bodewig (eds), *Neuordnung des Wettbewerbsrechts / 11. Ringberg-symposium des Max-Planck-Institutes für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht, 14. bis 18. Juni 1997, Schloß Ringberg, Tegernsee* (Nomos Verlagsgesellschaft 1998/1999) 27, 31. The general clause in the second paragraph refers to ‘any act of competition’, which means that acts of competition that do not fall under the cases specified in the third paragraph could also be contrary to honest practices. Frauke Henning-Bodewig, *Unfair Competition Law. European Union and Member States. Kluwer Law International* (Kluwer Law International 2006) 20.

10^{ter} PC, which provides for legal remedies for effectively restraining acts of unfair competition.

Art. 10^{bis} PC constitutes a flexible, open minimum level of protection against unfair competition. The duty to ensure effective protection does not require the promulgation of specific legislation.⁶⁵¹ In implementing the treaty obligations, countries are permitted to maintain their own traditions and historical sources regarding unfair competition law.⁶⁵² A similar obligation exists under Art. 2 of the TRIPS Agreement, according to which members of the World Trade Organisation must comply with Art. 10^{bis} PC.⁶⁵³

6.2.2 Meaning of ‘Honest Practices’

The leading standard for protection against unfair competition under the Paris Convention is based on the concept of ‘honest practices in industrial or commercial matters’, which is included in the definition of acts of unfair competition in Art. 10^{bis} (2) PC. ‘Practices’ refers to the actual practices; the stipulation that these practices must be ‘honest’ reveals a normative requirement. The meaning of honest practices is basically influenced by the norms of the protecting country in question because a transnational, universally accepted standard has not evolved yet.⁶⁵⁴ In the event of an international case, however, the national interpretation must be supplemented with accepted international norms to the extent to which these norms can be derived from the status quo reached at the international level.⁶⁵⁵

For international standards in the field of protection against unfair competition to have some harmonising effect across countries and territories, arguably, at least a minimal objective standard at the international level is necessary.⁶⁵⁶ As, however, the meaning of honesty mainly depends on the sociological, economic, moral and ethical concepts of a specific society, it may differ between Paris Union countries. Standards of ‘honesty’ further change with time and new acts of unfair competition are continuously identified.⁶⁵⁷

⁶⁵¹ Bodenhausen (n 643) 143; Ladas (n 645) 1686; Wadlow (n 641) 55, 61.

⁶⁵² For example, in Denmark, Germany and China, the legislation contains a general clause prohibiting all competitive acts contrary to honest practices or to good morals, and these general clauses are complemented by more specific provisions. In countries with a civil law system, such as France and the Netherlands, general tort provisions are used as the legal basis. In countries with a common law system, such as the United Kingdom, actions for passing off are invoked to ensure protection, and often combined with statutes or regulations governing specific areas of fair trading. See: Xiao Y Chen, ‘The Status of International Protection Against Unfair Competition’ (1997) 8 EIPR 421, 421-422. See for more countries: WIPO, *Protection Against Unfair Competition. Analysis of the Present World Situation* (WIPO 1994) 20-21.

⁶⁵³ de Vrey (n 643) 18-19; Schricker and Henning-Bodewig (n 650), 35-66, 44.

⁶⁵⁴ See also: WTO Panel, 28 June 2018, WTO Document WT/DS435/R, WT/DS441/R, WT/DS458/R, WT/DS467/R, ‘Australia – Certain measures concerning trademarks, geographical indications and other plain packaging requirements applicable to tobacco products and packaging’, paras. 7.2671-7.2672.

⁶⁵⁵ Bodenhausen (n 643) 144; Henning-Bodewig (n 649) 177; Altman and Pollack (n 643) para 27:12, pp 32-33; de Vrey (n 643) 14. WTO Panel, 15 March 2005, WTO Document WT/DS174/R, ‘European Communities – Protection of trademarks and geographical indications for agricultural products and foodstuffs’, paras 7.647, 7.650-7.651

⁶⁵⁶ Wadlow (n 641) 64; Schricker and Henning-Bodewig (n 650) 31; Axel Beater, *Unlauterer Wettbewerb* (Mohr Siebeck 2011) 145; de Vrey (n 643) 13-14.

⁶⁵⁷ WIPO (n 652) 23. See also: Ladas (n 645) 1685, 1689, 1691; Henning Harte-Bavendamm and Frauke Henning-Bodewig (eds), *Gesetz gegen den unlauteren Wettbewerb (UWG)* (CH Beck 2004) 579; Wilhelm

Notwithstanding the differences between countries, certain aspects of practices can however be marked as ‘fair’ or ‘unfair’. Obvious acts of unfair behaviour are explicitly enumerated in Art. 10^{bis} (3): causing confusion,⁶⁵⁸ discrediting and the use of misleading indications. These examples do not restrict the scope of the general definition of honest practices covered in para. 2,⁶⁵⁹ but they certainly reflect the contours of the concept of honest practices. For example, these acts have in common that traders succeed in competition without relying on their own achievements in terms of the quality and pricing of their goods and services. Rather, they profit unduly from the work of another trader or affect consumer demand with false or misleading statements.⁶⁶⁰

6.2.2.1 Normative Approach

Traditionally, the concept of honest practices referred to ethical standards concerning behavioural norms of fairness and decency in a given society. In literature, it has been shown that these norms were inspired by French legal tradition.⁶⁶¹ A normative approach based on

Nordemann, ‘Der verständige Durchschnittsgewerbetreibende – Zum Begriff der “guten Sitten” in § 1 UWG’ [1975] GRUR 625, 628.

⁶⁵⁸ The first example, for instance, illustrates the great value the Convention States attach to protection against confusion regarding a competitor’s establishment, goods or activities, while the Paris Convention includes specific obligations to protect typical business and product identifiers, such as trademarks, service marks and trade names. Marcus Höpperger and Martin RF Senfleben, ‘Protection Against Unfair Competition at the International Level’ in Hilty and Henning-Bodewig (n 643) 65-66. See also: Anselm Kamperman Sanders, ‘Badges of Trade. The protection of trade marks and related intangibles in unfair competition law’ (Intellectual Property Law Unit of the Centre for Commercial Law Studies, Queen Mary and Westfield College, University of London 1995) 55, 78: ‘the principles of the Paris Convention are covered in all countries described. The paradigm of the common norm is the prevention of the creation of confusion or avoidable confusion in the marketplace.’

⁶⁵⁹ Actes de La Haye, 547; Bodenhausen (n 643) 145; Henning-Bodewig (n 649) 177.

⁶⁶⁰ WIPO (n 652) 24.

⁶⁶¹ Eugen Ulmer and Rudolf Kraßer, *Das Recht des unlauteren Wettbewerbs in den Mitgliedstaaten der Europäischen Wirtschaftsgemeinschaft. Band IV* (CH Beck 1967) 66-67; Eugen Ulmer, *Das Recht des unlauteren Wettbewerbs in den Mitgliedstaaten der Europäischen Wirtschaftsgemeinschaft. Band I. Vergleichende Darstellung mit Vorschlägen zur Rechtsangleichung* (CH Beck/Heymann 1965) 42-43; Schricker and Henning-Bodewig (n 650) 31; Beater (n 656) 145. See also Rudolf Callmann, who argued that ‘die Frage nach der Zulässigkeit einer Wettbewerbshandlung hat grundsätzlich mit der Wirkung dieser Handlung auf die Allgemeinheit nichts zu tun, sie ist nach rein wettbewerbsrechtlichen, privatrechtlichen Gesichtspunkten zu prüfen. [...] Mit vollem Recht suchen deshalb die Gerichte „nach der bösen Absicht des Täters“, denn der subjektive Tatbestand ist Grundlage unsere Beurteilung im Anschluß an § 1 UnlWG.’ Callmann rejected the argument that unfair competition could be tolerated as long as it promotes the well-being of the general public: ‘Vollends unannehmbar erscheint mir der Grundsatz, ein Sittenverstoß im Sinne des § 1 UnlWG sei „immer dann zu verneinen, wenn die Wettbewerbshandlung der Gesamtwirtschaft dienen kann“. Der Skrupellose Wettbewerber, der ausgeht auf die Vernichtung seiner Konkurrenten, dem zur Erreichung dieses Zieles kein Mittel zu unanständig ist, der Wohltäter der Allgemeinheit wider Willen! Er ein Teil jener Kraft, die stets das Böse will und stets das Gute schafft! [...] Nochmals, der Wettbewerb durch billigeres Angebot von Waren oder Leistungen ist nicht nur keine Unsittlichkeit, sondern die treibende Kraft in der wirtschaftlichen Entwicklung. Hier zeigt sich die erzieherische Bedeutung des Wettbewerbes. Der Vertragsbrüchige und Unanständige aber als Erzieher! Ein unerträglicher Gedanke. So wie nicht alles, was volkswirtschaftlich schädlich ist, deshalb sittenwidrig ist, so ist etwas nicht deshalb sittlich einwandfrei, weil es der Allgemeinheit nützt oder ihr in gewissen Nebenwirkungen Nutzen bringt.’ See Rudolf Callmann, ‘Unlauterer Wettbewerb zum Wohl der

ethical standards can, however, be criticised as imprecise since the establishment of relevant behavioural standards is strongly influenced by the customs and habits of a given trade circle.⁶⁶² Actually, trade circles stipulate the de facto guidelines for honest practices by which a competitor's conduct will be judged,⁶⁶³ such that defining honest practices by reference to the way honest traders actually compete might lead to a certain degree of circularity:

‘Gegen die spezifische Anknüpfung an Konventionalnormen zur Konkretisierung der großen Generalklausel spricht ferner, dass die Entscheidung über Art und Maß „anständiger Gepflogenheiten“ im Geschäftsverkehr nicht denen überlassen bleiben darf, die diese Gepflogenheiten im Wege tatsächlichen Verhaltens herausbilden und mit einem sozialen, verbandsrechtlichen oder ähnlichem Geltungsanspruch unterlegen. Sonst könnten diese Kreise letztlich über die an sie anzulegenden rechtlichen Maßstäbe selber bestimmen.’⁶⁶⁴

Allgemeinheit?’ [1927] *Markenschutz und Wettbewerb* 378, 381. See also: Rudolf Callmann, *Der Unlautere Wettbewerb. Kommentar zum Gesetz gegen den unlauteren Wettbewerb und zu den materiellrechtlichen Vorschriften des Gesetzes zum Schutze der Warenbezeichnungen* (J Bensheimer 1929) 39.

⁶⁶² Harte-Bavendamm and Henning-Bodewig (n 657) 580; Höpperger and Senftleben (n 658) 64; Ulmer (n 661) 249; Ladas (n 645) 1685; Ulmer and Kraßer (n 661) 67; Wadlow (n 641) 63; Ulrich Loewenheim, ‘Suggestivwerbung, unlauterer Wettbewerb, Wettbewerbsfreiheit und Verbraucherschutz’ [1975] *GRUR* 99, 103.

⁶⁶³ Harte-Bavendamm and Henning-Bodewig (n 657) 580-581; Höpperger and Senftleben (n 658) 64. See also Wadlow (n 641) 66.

⁶⁶⁴ ‘Another argument against the specific link to contractual norms for the concretisation of the broad general clause is that the decision on the type and extent of ‘honest practices’ in commercial trade must not be left to those who articulate these practices by way of actual conduct and subject them to a claim to validity under social or association law, or a similar kind of law. Otherwise, these circles could ultimately determine for themselves the legal standards to be applied to them.’ (transl.). Harte-Bavendamm and Henning-Bodewig (n 657) 580-581. For example, if it is common use to sell at dumping prices or to invade consumers’ privacy rights, this conduct would be seen as honest. If no external ethical correction takes place, bigger enterprises could simply refer to their business practices and stipulate that their behaviour is honest even though smaller firms will not survive the competition in the long term. See also: WIPO (n 652) 24-25. For instance, in *Decca/Holland Nautic* the Dutch Supreme Court ruled that profiting from Decca’s navigation system could not be seen as a wrongful act. The fact that the competitive act was not in accordance with ethical norms in a given trade circle was not without interest, but not decisive. The fact that other competitors, like Philips, paid a reasonable fee to ensure that the radio navigation system was safeguarded did not automatically lead to the conclusion that Holland Nautic had to do this too. The Supreme Court did not find that the interest of Decca in maintaining and improving the navigation system should outweigh the interests of ship owners in having the opportunity to purchase Holland Nautic’s radio receiver, which had the same functionalities as the Decca receiver but was substantially cheaper and had an enhanced technical capacity. In other words, if the Supreme Court had ruled the case normatively, i.e. according to the norms in a given trade, it would not have allowed Holland Nautic to offer alternative radio receivers without paying a reasonable fee for the maintenance and improvement of the navigator system. If so, Decca’s 35-year monopoly position on the market would in fact have been extended even though they had never had any intellectual property rights on what they had created (Dutch Supreme Court, 27 June 1986, ECLI:NL:PHR:1986:AD7158, *Holland v Nautic*). Although the notion of the ‘reasonable man’ enables courts to reject any practices that might be in line with market practice in the sector concerned but be dishonest in some extrinsic sense: Wadlow (n 641) 66.

Clearly there are also no objective standards of feelings, instincts or attitudes toward a certain conduct, which makes it extremely difficult to provide specific prescriptions concerning a uniform evaluation of specific acts.⁶⁶⁵

Even if judges try to find and specify pre-existing norms for the community at large, there is a risk that their decision may consciously or unconsciously align with their own moral sensitivities. Since conflicts in competition are so versatile and complicated, the clarity needed for a moral reaction might also be lacking.⁶⁶⁶ This normative approach could further be criticised because of its arbitrariness and counterproductive effects:

‘In Verbindung mit dem Abstellen auf den „Gesamtcharakter“ der Wettbewerbshandlung und mit der Heranziehung „beweglicher Elemente“ bei seiner rechtlichen Bewertung erweckt die Anstandsformel den Eindruck einer gewissen Beliebigkeit, warum im konkreten Fall die Argumentationstopoi gerade so und nicht anders selektiert und kombiniert werden. Dies bedeutet letztlich einen „Verzicht auf ein rechtssystematisch vermitteltes Verständnis“ der großen Generalklausel überhaupt. Wegen der praktisch unbeschränkten Verfügbarkeit der Anstandsformel konnte sie im Zuge nationalsozialistischer „Rechtserneuerung“ zum dogmatischen Vehikel selbst dazu avancieren, unter erklärter Absage an den Primat der Rationalität (wettbewerbs)rechtliche Entscheidungen schlicht im Wege „göttlich geoffenbarter Intuition“ treffen zu können.’⁶⁶⁷

Furthermore, the fact that traders profit from their acts of competition or cause financial loss to another competitor is not in itself unlawful. The saying ‘no one should reap where he has not sown’⁶⁶⁸ should be applied in a more refined manner. If traders are prohibited from using other traders’ work or experience, progress would be hindered and monopoly would become common use.⁶⁶⁹

⁶⁶⁵ Ladas (n 645) 1685; Loewenheim (n 662) 103; Harte-Bavendamm and Henning-Bodewig (n 657) 581; Ulmer and Kraßer (n 661) 67.

⁶⁶⁶ Gerhard Schricker, ‘Unfair Competition and Consumer Protection in Western Europe’ (1970) 4 IIC 415, 422; Harte-Bavendamm and Henning-Bodewig (n 657) 580-581.

⁶⁶⁷ ‘In conjunction with the reference to the “overall character” of the competitive act and the use of “flexible elements” in making a legal assessment, the standard of decency gives the impression of a certain arbitrariness as to why the topoi of argumentation are selected and combined in precisely this and not that way in a specific case. This ultimately means “refraining from a legally systematically acquired insight” of the major general clause in the first place. Because of the practically unlimited applicability of the standard of decency, in the context of National Socialism it was used to advance “legal renewal” and become a dogmatic vehicle for making (competition) legal decisions simply by way of “divinely revealed intuition”, with a declared rejection of the primacy of rationality.’ (transl.). Harte-Bavendamm and Henning-Bodewig (n 657) 580, 609. See also Nordemann (n 657) 628, who argued that ethical norms could be influenced: ‘Das ganze wäre auch nicht weiter bemerkenswert, wenn es nicht einen eminent politischen Bezug hätte: Mit den herrschenden Anschauungen läßt sich in Zeiten politischer Unvernunft Unrecht judizieren, ohne daß äußerlich ein Bruch in der Rechtsprechung erkennbar würde.’

⁶⁶⁸ *International News Service v. Associated Press* 248 US 215, 239-240 (1918).

⁶⁶⁹ Ladas (n 645) 1689.

Rather, traders should be stimulated to compete for the custom of the public on the most favourable terms. The focus should be on whether competitors use fair and lawful means.⁶⁷⁰ An act might be untactful or tasteless yet still not be dishonest.⁶⁷¹

A normative approach (in the sense of ‘ethical’) is also not urged by a reading of the Paris Convention itself, and it seems to be contrary to the circumstances in which the current text of Art. 10^{bis} (2) PC was adopted at the expense of the French proposal at the 1925 Hague Conference.⁶⁷²

Furthermore, the defendant’s state of mind does not seem to be relevant.⁶⁷³ This is also implied by the full formulation ‘contrary to honest practices in industrial or commercial matters’, which refers to a generally accepted standard by honest traders. If individual traders do not satisfy these standards, their being in good faith does not impact the standard of liability.⁶⁷⁴ This is also implicitly indicated by the three examples of Art. 10^{bis} (3) PC, none of which refers to any overt mental element or any reservation for bona fide conduct.⁶⁷⁵

In addition, the negotiating history shows that Art. 10^{bis} PC does not distinguish acts carried out with a certain form of dishonest intent. At the 1925 Hague Conference, Italy apparently suggested explicitly limiting the proposed text to acts done ‘*dans le but de détourner la clientèle d’un concurrent*’, but did not find sufficient support at the Conference.⁶⁷⁶ Article 10^{bis} (3)(2) as adopted was also explicitly aimed to be free from any criterion of intention to impair: ‘*la notion de dénigrement [...] n’implique pas une intention injurieuse*’.⁶⁷⁷

⁶⁷⁰ Ulmer and Kraßer (n 661) 66; Ulmer (n 661) 58.

⁶⁷¹ Ladas (n 645) 1689.

⁶⁷² At the 1925 Hague Conference there was little opposition regarding the general clause stating ‘*constitue un acte de concurrence déloyale tout acte contraire aux usages honnêtes en matière industrielle ou commerciale*’ with the exception of France opting for a more explicit definition of ‘*tous les actes contraires à la loi, aux usages commerciaux ou à l’équité*’. Both proposals were rejected, however, because they were found to be too vague and indeterminate for implementation in an international convention by a number of delegations, such as Italy, Japan, the United Kingdom and the United States. The Working Party was therefore unable to submit any general clause against unfair competition. However, when the French delegate M. Maillard suggested leaving Art. 10^{bis} unchanged instead of enumerating a few specific forbidden acts, after the Programme’s proposal was revived by the Dutch delegation, all delegations supported this Franco-Dutch proposal, with the United States (with the support of the United Kingdom) only asking to include as clarification that only commercial acts of competition were concerned. Following another important reservation made by Belgium, the proviso was finally accepted unanimously. See: Actes de la Haye (1926) 475; Wadlow (n 641) 66, 85-86.

⁶⁷³ The term ‘honest’ might suggest that a certain form of subjectivity as ‘fault’ or ‘bad faith’ is required. See Wadlow (n 641) 64; WIPO (n 652) 24; Harte-Bavendamm and Henning-Bodewig (n 657) 578: ‘Der Mensch ist – sozialetisch gesehen – nicht für die Reinheit seiner Gesinnung verantwortlich, sondern für die Qualität seiner Handlungen unter Einbeziehung auch der Handlungsfolgen.’ See also: WTO Panel, 28 June 2018, WTO Document WT/DS435/R, WT/DS441/R, WT/DS458/R, WT/DS467/R (n 654), para. 7.2714, arguing with regard to Art. 10^{bis} (3)(1) PC that ‘it follows from the phrase “of such nature” that it is not determinative whether an act of that type was committed in good faith.’

⁶⁷⁴ Wadlow (n 641) 64.

⁶⁷⁵ *ibid* 65.

⁶⁷⁶ Actes de la Haye (1926) 350; Wadlow (n 641) 65; Bodenhausen (n 643) 145.

⁶⁷⁷ See Wadlow (n 641) 65. For example, in the Spanish law of 1991, the objective approach is explicitly expressed in the legislation: ‘any act against good faith in an *objective sense*’. WIPO (n 652) 24; Ladas (n 645).

Subjective elements could, however, be relevant when establishing an applicable sanction, although Member States must always ensure that effective sanctions are taken against repetitive future acts irrespective of the defendant's state of mind.⁶⁷⁸ The merits of adding subjective elements to the equation will be discussed in more detail below.

6.2.2.2 Empirical Approach

More recently, the concept of honest practices has been interpreted in light of the goal of safeguarding the efficient operation of competition as a main instrument of market economies.⁶⁷⁹ Since unfair competition law was created as a special law to safeguard the interests of the honest businessman, the starting point for assessing honesty is the businessman's standard of behaviour. If a practice is seen as unacceptable by all businessmen, it is difficult to define this conduct as a fair act of competition.⁶⁸⁰

Nevertheless, some practices might be broadly accepted within a certain branch of business while still being perceived as 'improper' by other market participants, i.e. consumers.⁶⁸¹ An empirical approach lending weight to consumer perception could therefore reintroduce ethical standards, such as personal responsibility for market actions with respect to the interests of other market participants, and respect for the equality of rights in the marketplace.⁶⁸²

In addition, some practices might at first glance not harm other businessmen or consumers, while still having a detrimental effect on the economy at large. For instance, selling at dumping prices might in the long term ruin small and medium-sized companies and therefore harm free competition. Such behaviour is often viewed as 'unfair'.⁶⁸³

It further seems more consistent to interpret the general definition of honest practices in Art. 10^{bis} (2) PC not only in view of protecting competitors' interests but also with an eye

⁶⁷⁸ Wadlow (n 641) 65.

⁶⁷⁹ Höpperger and Senftleben (n 658) 64-65; Harte-Bavendamm and Henning-Bodewig (n 657) 591-592; Ulmer (n 661) 58-59; Nordemann (n 657) 628-631; Carl Baudenbacher, 'Machtbedingte Wettbewerbsstörungen als Unlauterkeitstatbestände Zugleich Beitrag zum Verhältnis von UWG und GWB' [1981] GRUR 19, 21-22; Eike Ullman 'Das Koordinatensystem des Rechts des unlauteren Wettbewerbs im Spannungsfeld von Europa und Deutschland' [2003] GRUR 817, 821-822; Loewenheim (n 662) 103-104; Rolf Sack 'Lauterer und leistungsgerechter Wettbewerb durch Wettbewerbsregeln' (1975) 6 GRUR 297, 301-302; Beater (n 656) 145; Kamperman Sanders (n 658) 68, 82: 'To escape from the circular reasoning that results from the attempts to justify the monopolies that result from the application of a general norm of unfair competition, a functional approach towards unfair competition law has to be adopted. This results in a mode of establishing legal rule by taking into account the economic reality of the competitive process, the distortion of it and the nature of the relationship between parties. This entire factual set of circumstances then needs to be viewed against the general clause of unfair competition.'

⁶⁸⁰ WIPO (n 652) 24-25.

⁶⁸¹ *ibid* 25. The standard of 'honesty' must however be a realistic one. The field of reference is trade or commerce, where the standards might be lower than in other fields such as liberal professions. Moreover, it may well be that actual market behaviour is a bit rougher than traders are willing to admit. See Wadlow (n 641) 63. Susie Middlemiss, 'Permitted use under European law: the framework' in Jeremy Phillips (ed), *Trade Marks at the Limit* (Edward Elgar 2006) 12-13.

⁶⁸² Höpperger and Senftleben (n 658) 65; Harte-Bavendamm and Henning-Bodewig (n 657) 608; Ulmer (n 661) 42-43.

⁶⁸³ WIPO (n 652) 25.

to safeguarding consumers' interests. One example⁶⁸⁴ that particularly highlights acts of unfair competition and defines the meaning of the honest practices provision concerns protection against acts that mislead the public and thus also refer to consumer interests.⁶⁸⁵

Furthermore, the scope of Art. 10^{bis} PC need not be restricted to acts of direct competition. Although several references to the goods and services 'of a competitor' are included in this article and seem central to its analysis,⁶⁸⁶ a competitive relationship between traders in different branches of industry or trade or an indirect competitive relationship may suffice. Nevertheless, it is possible to interpret the wording 'of a competitor' more restrictively as requiring a direct competitive relationship between the party guilty of unfair competition and the party whose interests are impaired.⁶⁸⁷

The 1996 WIPO Model Provisions on Protection against Unfair Competition, a non-binding legal instrument that is nevertheless of legal influence as an international recommendation,⁶⁸⁸ also indicates that 'omission of the requirement that the act be an act of competition makes it clear that consumers also are protected'.⁶⁸⁹ The Provisions also no longer require a competitive relationship between parties. The WIPO Model Provisions further extend examples of prohibited acts from three to five: in addition to the risk of confusion, disparagement and misleading acts, they also include damaging goodwill or reputation and the protection of trade secrets. These classic forms of prohibited acts are further elaborated into subcategories.

In other words, the assessment of honest practices should not be limited to a moral judgement, but rather take all factors into account. According to Schricker:

'Moral standards alone may be sufficient for Gustav Freytag's romantic nineteenth century description of the business world in *Soll und Haben*; but they are no longer able to resolve complicated conflict situations in the world of competition. Admittedly, the ethical basis for competition law should be retained, but it must be built upon. Here the jurisprudence of "interests and values" has something to offer. [...] It permits us to change

⁶⁸⁴ Para 3(3); included at the 1958 Lisbon Conference.

⁶⁸⁵ See: Höpperger and Senftleben (n 658) 67. See also: Ladas (n 645) 1687, 1689; Schricker (n 666) 430; Wadlow (n 641) 60. However, de Vrey argues that this 'type of unfair competition, as dealt with in Article 10^{bis} of the Paris Convention, is – again – mainly directed at the protection of (honest) competitors. The Paris Convention, therefore, does not emphasize the protection of the consumer in this respect. The introduction of consumer protection within the realms of unfair competition law took place at a later date.' See de Vrey (n 643) 15.

⁶⁸⁶ In para 2 of the general definition, as well as in the first and second example of prohibited acts from paragraph 3.

⁶⁸⁷ See also: Bodenhausen (n 643) 144; Wadlow (n 641) 62; de Vrey (n 643) 13; Ladas (n 645) 1687; Höpperger and Senftleben (n 658) 65.

⁶⁸⁸ Höpperger and Senftleben (n 658) 72-73; Schricker and Henning-Bodewig (n 650) 38; Ansgar Ohly, 'Unfair Competition (Basic Principles)' in Jürgen Basedow and others (eds), *The Max Planck Encyclopedia of European Private Law* (Oxford University Press 2012) 1713. WTO Panel, 28 June 2018, WTO Document WT/DS435/R, WT/DS441/R, WT/DS458/R, WT/DS467/R (n 654), para. 7.2684: 'We do not, however, read the omission of the word "act" from paragraph 1 as extending the scope of Article 10^{bis} beyond acts of unfair competition as defined in paragraph 2.'

⁶⁸⁹ WIPO, 'Model Provisions on Protection Against Unfair Competition. Articles and Notes' (WIPO 1996) 10, note 1.06.

over from indirect interest weighing immanent in ethical evaluation to a direct balancing of interests. The modern “interestjurisprudence” (*Interessenjurisprudenz*) allows the weighing of interests of all parties involved and the making of a decision based upon norms from the constitution and the entire legal system.⁶⁹⁰

In practice, the notion of unfair competition has also increasingly turned into a balancing of interests.⁶⁹¹ Differences in interpretation of the notions of ‘fair’ or ‘unfair’ are further reflected in the different focus on the various interests at stake. For instance, the terms might be interpreted differently in countries where the traditional law of unfair competition underlines the interests of the honest businessman than in countries where consumer interests or the public at large are particularly emphasised.⁶⁹²

Nevertheless, when assessing the interests of all the parties involved, judges, who are themselves consumers, should be cautious not to be too easily convinced by consumer-friendly arguments. Otherwise, the individual legal protection of the competitor will be pushed to the background and freedom of competition will ultimately suffer.⁶⁹³ Consumer protection should not be used as a pretence for promoting other interests. Protection against unfair competition under general clauses, such as Art. 10^{bis} PC, should only protect consumers when this protection is necessary to safeguard fair, undistorted competition. However, it should not be used to shelter consumers at the expense of freedom of competition and commercial expression.⁶⁹⁴ The same applies to the interests of the public at large, since consumer interests could easily be equated with public interest and consumers are by far the largest proportion of the population.⁶⁹⁵

6.3 CJEU Case Law

The analysis of Art. 10^{bis} PC illustrates that three types of cases should be specifically forbidden: causing confusion, discrediting, and using misleading indications. In light of this it is justifiable that in assessing honest business practices, as provided by Art. 14(2) TMD 2015 and Art. 14(2) EUTMR, the CJEU refers to the risk that consumer decisions are impacted by

⁶⁹⁰ Schricker (n 666) 443.

⁶⁹¹ See also: Ladas (n 645) 1676-1677; Schricker (n 666) 443, 446; WTO Panel, 28 June 2018, WTO Document WT/DS435/R, WT/DS441/R, WT/DS458/R, WT/DS467/R (n 654), para. 7.2680.

⁶⁹² WIPO (n 652) 25. See also: Schricker and Henning-Bodewig (n 650) 31. For example, in France, the ‘*action en concurrence déloyale*’ serves solely the interests of businessmen and the protection of consumers remains out of consideration. By contrast, in Germany, where a statute has been established specifically directed towards regulating unfair competition, which is headed by a broad general clause, the integration of general and consumer interests has been easier. See: Henning-Bodewig (n 649) 170; Schricker (n 666) 416-417. Schricker and Henning-Bodewig (n 650) 24.

⁶⁹³ Sigmar-Jürgen Samwer, ‘Verbraucherschutz und Wettbewerbsrecht’ [1969] GRUR 326, 328.

⁶⁹⁴ *ibid* 328.

⁶⁹⁵ Schricker (n 666) 445.

⁶⁹⁶ *ibid* 435. See also Nordemann (n 657) 628 ‘Aber wer Ibsens „Nora“ kennt, weiß, daß die Meinung der Mehrheit keine verlässliche Größe ist, und unsere Gerichte wissen das auch. Schon in besten Friedenszeiten (1901) mußte das RG – wie eingangs zitiert feststellen, daß im Handelsverkehr tatsächlich aufgekommene Praktiken eine Unsitte sein könnten [...]’.

the suggestion of commercial links. This category of commercial tort governing the general structure of trademark law is clearly in line with Art. 10^{bis} (3)(1) PC.

However, the other two categories which the CJEU identified in its case law, the potential ‘unfairness’ of free-riding and the risk of impairment to the inherent value of the trademark, cannot be found in the primary text of the PC. Substantive protection standards specifically for trademarks are only barely sketched in the PC, which merely establishes an international obligation to provide for protection against origin confusion.⁶⁹⁶ Moreover, the notion of confusion in Art. 10^{bis} PC must be interpreted autonomously:

‘This lies in combatting unfair *acts* of competition, not in conferring protection to a “property right” as constituted by the mark. To the extent that it concerns the confusability of goods with identical or similar designations, the risk of mistaken identity must thus indeed exist among the public with respect to attributing the product to a specific source. Protection going beyond this may be acceptable by the virtue of normative standards in trademark law, but not in competition law.’⁶⁹⁷

Despite having much in common with competition law, trademark law does not have the same objective of protection, and the concept of risk of confusion therefore need not necessarily be interpreted in exactly the same way.⁶⁹⁸ Art. 10^{bis} PC seeks to prevent unfair acts of competition and does not aim to grant protection to the ‘property right’ conveyed in a trademark.⁶⁹⁹ The other two acts the CJEU aims to protect against, i.e. risk of free-riding and damage in the form of dilution, can especially be seen as forms of enhanced protection that go beyond protection of the origin function of the trademark.⁷⁰⁰

Nevertheless, the protection level of Art. 10^{bis} PC only constitutes an international minimum standard which, arguably, no longer fulfils the current conditions of unfair competition law. The examples enumerated in the third paragraph may appear for instance too narrow from this perspective.⁷⁰¹ The first paragraph refers to acts that involve confusion with a competitor, but in principle does not seek to prevent consumers from being deceived. The second paragraph only protects competitors against statements that are clearly untrue. The third paragraph protects consumers against misleading acts with regard to goods but does not mention services.⁷⁰² Besides, Art. 10^{bis} PC provides for certain minimum standards of

⁶⁹⁶ art 6^{bis} PC regulates the exemption of well-known marks from national registration requirements, and art 6^{septies} PC protects traders against unauthorised registration of trademarks by unfaithful agents and representatives.

⁶⁹⁷ Henning-Bodewig (n 649) 176.

⁶⁹⁸ Although the current legal standard of the average consumer appears in both fields. See for trademark law: Case C-342/97 *Lloyd Schuhfabrik v Klijsen Handel Bv* ECLI:EU:C:1999:323 and for unfair competition: Case C-210/96 *Gut Springenheide* ECLI:EU:C:1998:369. See also: de Vrey (n 643) 312.

⁶⁹⁹ Henning-Bodewig (n 649), 175-176.

⁷⁰⁰ Dev Saif Gangjee, ‘Property in brands’ (LSE Working Papers 8:1-27) 13; Kur and Senftleben (n 621) 16; Kamperman Sanders (n 642) 505-509.

⁷⁰¹ Schricker and Henning-Bodewig (n 650) 32-33; Beater (n 656) 145-146; Höpperger and Senftleben (n 658) 67.

⁷⁰² Further acts that are not explicitly included include misappropriation of trade secrets (although see art 39 TRIPS) and the regulation of comparative advertising. Free-riding on the efforts of competitors, such as dilution

protection that all nationals of Member States are entitled to claim, ‘but there is nothing to prevent a particular member of the Union legislating more generously than Art. 10^{bis} requires (whether in terms of substantive law, or in terms of the rights and remedies made available) and in that case the foreign *ressortissant* cannot be denied the more generous protection of national law’.⁷⁰³

Indeed, the second paragraph of Art. 10^{bis} contains a broad and comprehensive definition of unfair competition which is further illustrated by the three examples enlisted in the third paragraph. As the word ‘*notamment*’ in the third paragraph of Art. 10^{bis} PC indicates, the listed acts are only some examples of what should be prevented. All dishonest acts in commercial and industrial matters therefore fall under the definition and should be prevented.⁷⁰⁴

Moreover, the WIPO Model Provisions further extend the categories of prohibited acts from three to five: in addition to risk of confusion, disparagement and misleading acts, the Provisions also include damaging goodwill or reputation and trade secrets. These non-binding provisions carry a certain political weight since they have the unanimous support of all WIPO and Paris Union members.⁷⁰⁵

Since EU trademark law also provides protection that goes beyond confusion,⁷⁰⁶ it therefore makes sense to interpret the concept of ‘honest practices’ in light of the current broader approach when applying trademark limitations,⁷⁰⁷ and refer not only to the risk of

and slavish imitation, are also not mentioned. For an outline of acts not explicitly enumerated in art 10^{bis}, see WIPO (n 652) 48-68.

⁷⁰³ Wadlow (n 641) 55. See also: Kur and Senftleben (n 621) 31.

⁷⁰⁴ Ladas (n 645) 1683.

⁷⁰⁵ Kur and Senftleben (n 621) 21. See for critical comments: Henning-Bodewig (n 649) 185. See also: de Vrey (n 643) 21-22. Cornish is critical, however, about the extensive protection offered by the Model Provisions: ‘The Model and its proponents have perforce to acknowledge that there is much in it which can only be read into Article 10^{bis} by the most wildly sanguine interpretation.’ In his view, the Model would favour ‘a very extensive view of activities which should constitute unfair competition’. The protection provided by the Model Provision seems to be in some aspects similar to European trademark law, ie offering goodwill protection irrespective of any confusion. See William R Cornish, ‘Genevan bootstraps’ (1997) 19(7) EIPR 336, 337.

⁷⁰⁶ art 10(2)(c) TMD 2015 and art 9(2)(c) EUTMR. At the international level, art 16(1) TRIPS also stipulates that owners of a registered trademark have the exclusive right to prevent any unauthorised third parties from using in the course of trade signs for goods or services that are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. Regarding use of identical signs for identical goods or services, a likelihood of confusion shall be presumed. With respect to art 6^{bis} PC, the protection of well-known marks has been broadened on a number of fronts. Most importantly, the scope of protection of well-known marks has been extended to dissimilar goods, provided that the trademark use indicates a connection between goods and services and the owner of the well-known mark and that the trademark owner’s interests are damaged by such use (art 16(3) TRIPS). Enhanced protection of reputable trademarks is further anchored in EU trademark law and other jurisdictions. See also: Kur and Senftleben (n 621) 48, 21.

⁷⁰⁷ The concept of dilution has its origins in an old German case held by the Landgericht of Elberfeld in 1924 (*Odol*). In order to bypass the requirement for likelihood of confusion, the court based its decision on principles of tort laid down in the German civil code. In doing this the court created a new doctrine, now commonly known as the dilution doctrine. According to this doctrine, actions were tortious if they violated ‘*guten Sitten*’ or good morals, which was in line with the Roman legal principle of ‘*boni mores*’, and in turn allowed courts to anticipate new and unforeseen circumstances (Kamperman Sanders (n 642) 502-503; Civil Court of Elberfeld (1925) 25 *Juristische Wochenschrift* 502). Since current trademark law is closely interwoven with unfair competition principles, it therefore makes sense to also expand the trademark limitations to acts of dilution.

confusion but also to the potential ‘unfairness’ of free-riding and the risk of impairment of the inherent value of the trademark.⁷⁰⁸

Inevitably, the exclusive rights needed to secure protection against confusion also safeguard the investments made in the creation of a favourable trademark image. By granting basic protection against confusion, the exclusive link between an enterprise and its trademark is secured, as are the investments made in the evocation of brand-related associations in the consumers’ minds.⁷⁰⁹ The WTO Panel discussing EC protection for trademarks and geographical indications for agricultural products and foodstuffs describes this protection reflex in the following way:

‘The function of trademarks can be understood by reference to Article 15.1 [TRIPS] as distinguishing goods and services of undertakings in the course of trade. Every trademark owner has a legitimate interest in preserving the distinctiveness, or capacity to distinguish, of its trademark so that it can perform that function. This includes its interest in using its own trademark in connection with the relevant goods and services of its own and authorized undertakings. Taking account of that legitimate interest will also take account of the trademark owner’s interest in the economic value of its mark arising from the reputation that it enjoys and the quality that it denotes.’⁷¹⁰

Nonetheless, granting more protection in addition to the protection reflex inherent in basic protection against confusion is not unproblematic. Based on the dilution doctrine, trademark

⁷⁰⁸ It can, however, be questioned whether harmonisation of unfair competition law, as undertaken by the CJEU through its case law on EU trademark law, is desirable in the first place. Some have argued that by doing so the CJEU might exceed its mandate. The broad concept of ‘free-riding’ as ruled by the CJEU in *L’Oréal/Bellure* could be seen as exemplifying the European concept of unfair competition. While some Dutch commentators (DJG Visser, Comment on Case C-487/07 *L’Oréal/Bellure* ECLI:EU:C:2009:378, IEF 7974) may have welcomed the case, English commentators (Darren Meale and Joel Smith, ‘Enforcing a trade mark when nobody’s confused: where the law stands after *L’Oréal* and *Intel*’ (2010) 5 JIPLP 96) had more trouble reconciling the case with the tort of passing off. See Anselm Kamperman Sanders, ‘Unfair competition: complementary or alternative to intellectual property in the EU?’ in Christophe Geiger (ed), *Constructing European Intellectual Property* (Edward Elgar 2013) 329-339, 336. See also Björkenfeldt, who argued that the case was highly controversial and pointed out that its outcome may be highly beneficial to brand owners but may also lead to a lower standard of competition and less consumer choice (Mats Björkenfeldt, ‘The genie is out of the bottle: the ECJ’s decision in *L’Oréal/Bellure*’ (2010) 5 JIPLP 105). Therefore, the concept of dilution should be interpreted rather strictly. See Kamperman Sanders (n 708) 338; de Vrey (n 643) 312; Kamperman Sanders (n 642) 499-510, 509-510: ‘The CJEU has consistently used its mandate based on the trademark Directive and the EUTMR to harmonize the law against unfair competition under the guise of trademark law. [...] With every new function of the trademark the CJEU comes up with and deems worthy of protection, it becomes increasingly difficult to see where the limits of protection of trademark rights lie and where unfair competition law begins. What is worrying in this regard is that the law against unfair competition, although not harmonized and subject to national law in the EU member states, is often subject to very different policy considerations that find justification in the preservation of a competitive market as a whole, rather than the protection of individual trader’s interests.’

⁷⁰⁹ Senftleben (n 621), p. 141.

⁷¹⁰ See WTO Panel, 15 March 2005, WTO Document WT/DS174/R (n 621), para 7.664. See also: Senftleben (n 626) 141-142.

owners acquire control over the use of a trademark across all markets⁷¹¹ irrespective of whether consumers are confused.⁷¹² Under CJEU case law, even damage is not required⁷¹³ when proprietors claim that a third party has taken a free ride on their trademark's reputation.⁷¹⁴ As a result, trademark owners are increasingly rewarded for their investments.

Justification is required to approximate trademark protection to the exploitation rights known from copyright and patent law in this way.⁷¹⁵ While the primary purpose of trademark law is to ensure market transparency with the consequence that protection may last forever –

⁷¹¹ If the trademark has a reputation, the trademark owner can prevent the use of identical and similar signs used for all kinds of goods and services irrespective of whether this occurs in a competitive or non-competitive context. Whether a likelihood of association exists must be assessed globally considering all the circumstances of the case (Case C-252/07 *Intel/Intelmark* ECLI:EU:C:2008:655, paras. 41, 62). Other requirements are that the defendant has taken unfair advantage ('free-riding') or has acted to the detriment of the distinctive character ('blurring') or the reputation of the trademark with a reputation ('tarnishment'). The trademark owner needs to show damage to the trademark with a reputation. This is however a high threshold: with regard to blurring, the trademark owner must show evidence of 'a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future' (Case C-252/07 *Intel/Intelmark* ECLI:EU:C:2008:655, para. 77). In *Environmental Manufacturing/OHIM*, the CJEU confirmed that there must be indeed a serious risk of such detriment, allowing the use of logical deductions. These deductions must be founded on 'an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case' (Case C-383/12 P, *Environmental Manufacturing/OHIM*, ECLI:EU:C:2013:741, paras. 42-43). If there is no harm, the trademark owner could argue that the defendant has taken advantage in an unfair way, that is 'where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.' (Case C-487/07 *L'Oréal/Bellure* ECLI:EU:C:2009:378, para. 50). See also Kur and Senftleben (n 621) 337.

⁷¹² Although trademark owners cannot prohibit competitors from using a similar sign in case of 'due cause' (art 10(2)(c) TMD 2015 and art 9(2)(c) EUTMR).

⁷¹³ Which can be seen as a consequence of the fact that EU trademark law does not require detriment to demonstrate that advantage has been taken. Nevertheless, in *Interflora/Marks & Spencer*, the CJEU argued that when the defendant uses a similar sign for the purpose of informing consumers about an alternative product that is not a mere imitation, and this is detrimental to the distinctive character of the trademark or the repute, or adversely affecting the functions of the trademark, this can be qualified as use with due cause (Case C-323/09 *Interflora/Marks & Spencer*, ECLI:EU:C:2011:604, para. 91). These factors exclude the possibility of a due cause defence when harm is done to the trademark in case of commercial speech. See Kur and Senftleben (n 621) 364.

⁷¹⁴ Case C-487/07 *L'Oréal/Bellure* ECLI:EU:C:2009:378.

⁷¹⁵ William M Landes and Richard A Posner, 'The economics of trademark law' (1988) 78 *The Trademark Reporter* 267, 275; Senftleben (n 626) 143; Dominic Scott, Alex Oliver and Miguel Ley-Pineda, 'Trade Marks as Property: a Philosophical Perspective' in Lionel Bently, Jennifer Davis and Jane C Ginsburg (eds), *Trade Marks and Brands – An Interdisciplinary Critique* (Cambridge University Press 2008) 296-297; Mark A Lemley, 'The Modern Lanham Act and the Death of Common Sense' (1999) 108 *Yale Law Journal* 1687, 1694-1696; Robert G Bone, 'Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law' (2006) 86 *Boston University Law Review* 547, 619-621; Mark P McKenna, 'The normative foundations of trademark law' (2007) 82 *Notre Dame Law Review* 1839, 1845-1846. Nevertheless, it can be argued that anti-dilution protection, with its case-by-case analysis, is much closer to unfair competition than to patent or copyright law (See Annette Kur, 'What to protect, and how? Unfair competition, intellectual property, or protection sui generis' in Nari Lee and others (eds), *Intellectual property, unfair competition and publicity convergences and development. European Intellectual Property Institutes Network series* (Edward Elgar Publishing Limited) 20).

because consumers would be confused if trademark protection ended at some point – copyright law and patent law seek to offer an incentive and reward for the creation of intellectual property and the disclosure and dissemination of works or inventions respectively to enrich the public generally.

Furthermore, branded goods are not necessarily high-quality products. Broad brand protection might encourage traders to improve the advertising and persuasive value of their marks instead of maintaining and improving the quality of the product in question.⁷¹⁶ In addition, the CJEU may consistently emphasise the fact that the function of origin is the most important and essential function of a mark,⁷¹⁷ but in practice the advertising, investment and communication functions have a higher economic relevance.⁷¹⁸

As a result, trademark owners can hide behind the protection of the consumer that results from the origin function⁷¹⁹ while in fact seeking to protect their own investments in the marketing of branded goods. Implementing concepts that go beyond the origin function in the honest business practices proviso would stimulate this process further.

Given this weak theoretical foundation, we need to be careful when extending trademark protection beyond the core function of protecting trademarks as source identifiers. This cautious approach is necessary not only when establishing *prima facie* infringement but also when assessing defence arguments in light of the honest practices proviso. In *Interflora*, Advocate General Jääskinen explained:

‘I find this very problematic from the point of view of competition because the Court is actually stating that the trade mark proprietor is entitled to use his right to prohibit the use of a sign in circumstances where this would result in a move away from a Pareto optimal situation. The situation of the trade mark proprietor would not improve as he by definition would not suffer any detriment because of the use, but the competitor’s situation would worsen because he would lose a part of his business.

⁷¹⁶ See Jamil Ammar, *Think Consumer: The Enforcement of the Trade Mark Quality Guarantee Revisited, A Legal and Economic Analysis* (Cambridge Scholars Publishing 2011) 1, 13, 18. Andrew Griffiths, ‘A Law-and-Economics perspectives on trade marks’ in Bently, Davis and Ginsburg (n 715) 253; Jessica Litman, ‘Breakfast with Batman: The Public Interest in the Advertising Age’ (1999) 108 Yale Law Journal 1717; Jonathan Aldred, ‘The economic rationale of trade marks: an economist’s critique’ in Bently, Davis and Ginsburg (n 715) 271, 274; Ralph S Brown, ‘Advertising and the Public Interest: Legal Protection of Trade Symbols’ (1999) 108 Yale Law Journal 1619, 1635-1637; Glynn S Lunney, ‘Trademark Monopolies’ (1999) 48 Emory Law Journal 367, 437-439.

⁷¹⁷ See for example Case C-206/01 *Arsenal/Reed* ECLI:EU:C:2002:651, paras 42, 48, 51; Case C-299/99 *Philips/Remington* ECLI:EU:C:2002:377; Case C-40/01 *Ansul/Ajax* ECLI:EU:C:2003:145.

⁷¹⁸ Tobias Cohen Jehoram, Constant JJC van Nispen and Tony JLRA Huydecoper, *European Trademark Law. Community Trademark Law and Harmonized National Trademark Law* (Kluwer International 2010) 36. From a legal perspective, the accessory functions are not necessarily more important than the origin and quality functions, as the CJEU does not provide any rulings in that direction.

⁷¹⁹ This applies to cases where the CJEU interprets the origin function broadly, i.e. when courts rule that a likelihood of confusion exists where a highly distinctive trademark or post-sale confusion is concerned. In both cases it can be questioned whether consumers are really confused.

Also the situation of the consumers who had not been misled by the ad but consciously preferred to buy the competitor's products would be impaired.⁷²⁰

Remarkably, the CJEU apparently subjected the limitations to trademark protection to an honest practices test based on the same terms as those used to identify infringement, thereby making the defences quite ineffective in practice.⁷²¹ As trademark protection gradually expands, the trademark limitations should adapt to these changes. Therefore, some argue that '[t]he only way to make sense of the wording would be to clarify that although the basic *concepts* (likelihood of confusion, abuse of reputation) informing the evaluation of honest business practices are the same as those governing infringement, their *application* is different in that the leeway for using a basically conflicting mark is much broader where applications or limitations apply, thereby confining the proprietor's right to oppose such use to cases of disproportionate harm'.⁷²²

The interpretation of the honest practices standard must thus be carried out in a more 'fine-grained fashion: thoroughly informed by the countervailing interests underlying the different limitations'.⁷²³

Interestingly, if we look at the CJEU case law more carefully, it also seems to offer room for declaring a use honest even if it causes some trademark harm. For example, in *Gerolsteiner Brunnen*,⁷²⁴ the CJEU did not rule that the third party's use was dishonest although a likelihood of (aural) confusion existed. In this case, the owner of the 'GERRI' trademark for mineral water claimed that the defendant made an infringement by marketing soft drinks bearing labels with the words 'Kerry Spring'. The defendant argued that the drinks were made with water from a source in County Kerry in Ireland. This natural source was included in the list of recognised sources of mineral water.⁷²⁵ Since the sign was an indication of the geographical origin of goods, the defendant's use of it could be allowed if it was in accordance with honest practices in industrial or commercial matters.⁷²⁶ The fact that the sign was used as a trademark did not preclude its use being in accordance with honest practices.⁷²⁷

⁷²⁰ Case C-323/09 *Interflora/Marks&Spencer* ECLI:EU:C:2011:604, para 94. See also Daniel Klerman, 'Trademark Dilution, Search Costs, and Naked Licensing' (2006) 74 *Fordham Law Review* 1759, 1771: 'If the junior user benefits (as evidenced from its desire to use the mark), but there is really no harm (no confusion, no blurring, no tarnishment), then it is socially desirable for the junior user to use the mark. In fact, allowing the use is Pareto superior – the junior user and its customers benefit, and no one is harmed. Giving the senior user the right to enjoin the use either blocks beneficial transactions or, if the parties negotiate a license, adds transaction costs.'

⁷²¹ The CJEU did not invent these criteria but derived them from Art. 4 MCAD. See Bently and others (n 626) 1134.

⁷²² Senftleben and others (n 636) 339.

⁷²³ Kur and Senftleben (n 621) 433.

⁷²⁴ Case C-100/02 *Gerolsteiner Brunnen/Putsch* ECLI:EU:C:2004:11.

⁷²⁵ *ibid* paras 20-21.

⁷²⁶ *ibid* para 18; art 14(1)(b) TMD 2015 and art 12(1)(b) EUTMR. To fall within the scope thereof it is enough for a sign to be used as an indication concerning one of the characteristics set out therein (para 19).

⁷²⁷ Case C-100/02 *Gerolsteiner Brunnen/Putsch* ECLI:EU:C:2004:11, paras 14-15. See also AG Stix-Hackl (para 25), who argued that since art 5 (art 10 TMD 2015) can only operate when a mark is used as a trademark, art 6 (art 14 TMD 2015) must also apply when a third party's sign is used as trademark. Otherwise the provision would become ineffective (Case C-100/02 *Gerolsteiner Brunnen/Putsch* ECLI:EU:C:2003:408, Opinion of the

The CJEU argued that '[t]he mere fact that there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is therefore insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices'.⁷²⁸

According to the CJEU, the question of whether the trademark owner had a right to forbid such signs had to be assessed according to standards of unfair competition. It was for the national courts to carry out an overall assessment of all the relevant circumstances, i.e. the shape and labelling of the bottle, and not whether a likelihood of confusion existed.⁷²⁹

The reference to shape and labelling may indicate that the CJEU was prepared to assume that the test of honest practices required a more subjective assessment, a duty to not deliberately damage the trademark's reputation or seek to take advantage of it. The overall presentation of the product could expose the defendant's real intentions.⁷³⁰ In any case, the CJEU seems to have accepted that the unauthorised use of a trademark can be honest despite causing some (aural) confusion.

The *Anheuser-Busch* case⁷³¹ might also be interesting in this respect. Admittedly, the own name defence has been changed under the new legislation. Art. 14(1)(a) TMD 2015 and Art. 14(1)(a) EUTMR explicitly state that the own name defence only covers natural persons using their own name. This current legal situation differs from the approach taken in the past – prior to the 2015 trademark law reform – where despite a Council and Commission declaration supporting a limited interpretation, the CJEU had ruled that the defence was not limited to personal names but also covered trade names.⁷³² The amendment, with its clear reference to natural persons, puts an end to this extension of the scope of the provision in previous case law. However, it does not impact the guidance which the CJEU provided in *Anheuser-Busch* with regard to the overarching requirement of honest business practices. In this latter regard, the *Anheuser-Busch* decision still provides valid guidance.

The factual background was as follows: the owner of the BUDWEISER mark for beer claimed that the defendant's beer mark BUDVAR infringed its trademark rights by importing BUDVAR beer into Finland. The defendant's beer was labelled with the BUDVAR mark together with the text that the beer had been 'brewed and bottled by the brewery Budweiser Budvar national enterprise', which was printed in much smaller lettering.⁷³³

The own name defence allows a third party to make use of a trademark when it is done in good faith, which is, the CJEU argued, an expression of the duty to act fairly in relation to the legitimate interests of the trademark owner.⁷³⁴ According to the CJEU, in assessing

AG Stix-Hackl). However, the effect of the *Gerolsteiner* decision could be that trademark owners who opt for a brand that falls under art 14(1)(b) TMD 2015 are better able to maintain a uniform brand across the market. See: Smith (n 636) 140-141.

⁷²⁸ Case C-100/02 *Gerolsteiner Brunnen/Putsch* ECLI:EU:C:2004:11, para 25.

⁷²⁹ *ibid* para 26.

⁷³⁰ Smith (n 636) 142.

⁷³¹ Case C-245/02 *Anheuser-Busch* ECLI:EU:C:2004:717.

⁷³² *ibid* paras 78-81. See also Kur and Senfleben (n 621) 410.

⁷³³ Case C-245/02 *Anheuser-Busch* ECLI:EU:C:2004:717, para 31.

⁷³⁴ *ibid* para 82. Although the CJEU only referred to the legitimate interests of the trademark owner, it nevertheless also argued that the condition of honest practices was essentially the same as set forth in art 17 of

whether the condition of honest practice is satisfied, account must be taken of ‘the extent to which the use of the third party’s trade name is understood by the relevant public, or at least a significant section of that public, as indicating a link between the third party’s goods and the trade-mark proprietor or a person authorised to use the trade mark, and secondly of the extent to which the third party ought to have been aware of that. Another factor to be taken into account when making the assessment is whether the trade mark concerned enjoys a certain reputation in the Member State in which it is registered and its protection is sought, from which the third party might profit in selling his goods.’⁷³⁵

The CJEU added that the national court must provide an overall assessment of all the relevant circumstances, including the labelling of the bottle, to find out whether the defendant’s use of a similar trade name is unfairly competing with the trademark owner.⁷³⁶

In the CJEU’s opinion, it is thus not only relevant whether a likelihood of confusion exists, but also to what extent a third party can be expected to have been aware of this. If a likelihood of confusion exists but a third party was not and cannot be expected to have been aware of the commercial link, the use of the trademark may still be allowed.⁷³⁷ The overall assessment of all relevant circumstances, such as the presentation of the product, could give an indication of the honesty of the third party’s conduct. If the trademark is highly reputable, it is probably also more likely that a defendant was aware of the commercial link and their use of the trademark was dishonest.⁷³⁸ This case also illustrates that the assessment of honest practices must go further than simply reiterating the infringement criteria, and it must allow judges to take a more conduct-based approach.⁷³⁹

The *Gillette* case may also have left some leeway for traders to influence the honest practices assessment with precautions that they take to prevent harm to the trademark. In this

the TRIPS Agreement. It is unclear whether the CJEU thought that interests of third parties should also be included in the test of honest practices.

⁷³⁵ *ibid* para 83.

⁷³⁶ *ibid* para 84.

⁷³⁷ The question of dishonesty may also depend on when a third party is supposed to have become aware of a likelihood of confusion, i.e. was the infringement made in the period when the product was first put on the market, or when the product was introduced in the market? See: Smith (n 636) 144. See also: Ashley Roughton, ‘Permitted infringing use: the scope of defences to an infringement action’ in Jeremy Phillips and Ilanah Simon (eds) *Trade Mark Use* (Oxford University Press 2005) 193.

⁷³⁸ Po Jen Yap, ‘Honestly, neither Céline nor Gillette is defensible!’ (2008) 30 EIPR 286, 289. It is doubtful, however, whether this was the CJEU’s intention. The CJEU argued that national courts should merely look at whether the earlier trademark had a reputation that *could* be taken advantage of, rather than whether the third party had actually profited or sought to profit from the trademark’s reputation. This does not seem to suggest that the CJEU envisaged considering whether the defendant was deliberately seeking to profit from the reputation of the trademark (Ilanah Simon, ‘Nominative Use and Honest Practices in Industrial and Commercial Matters – A Very European History’ (2007) *Intellectual Property Quarterly* 117)). Kamperman Sanders (n 658) 136, 149 argues that knowledge is key to assessing whether a trader can be found liable for ‘malign competition’. The defendant must have been able to assess the risk of a legal action after reaping the benefits. The higher the degree of cognisance, the more likely it is that the defendant can be held liable for malign competition. In the case of a well-known trademark, the defendant can be expected to have been aware of the existence of the trademark or to have made efforts to make inquiries about existing marks in the market.

⁷³⁹ In the *Céline* case the CJEU repeated the factors put forward in the *Anheuser-Busch* case, which also involved an appeal to the own name defence. See: Case C-17/06 *Céline* ECLI:EU:C:2007:497, paras 33-35. See also: Jaap Bremer, ‘Verwijzen of verwarren? Over refererend merkegebruik in de praktijk’ (2013) 1 BMM Bulletin 76, 78.

case, the claimant Gillette registered ‘Gillette’ and ‘Sensor’ as a trademark for razors. Gillette sued the defendant Parason for selling blades under its mark ‘Parason Flexor’ with a sticker on the packaging indicating that Gillette razor handles were compatible with Parason blades. Such a use of the trademark may be permitted if it is necessary to indicate the intended purpose of a product and this is in accordance with honest practices.

In the CJEU’s view, the trademark use is necessary when it is the only way in practice to inform the public clearly and fully of the intended purpose, such that the undistorted system of competition in the market for that product can be maintained.⁷⁴⁰ The CJEU offered a rather narrow interpretation of ‘necessary’.⁷⁴¹ This case is therefore not seen as particularly beneficial to competitors relying on the limitation of trademark rights.⁷⁴² Under the amended EU trademark legislation, however, the strict necessity-based interpretation with regard to the specific purpose of indicating the intended purpose of a good or service (that may be derived from *Gillette*) does not apply to other forms of referential use, such as use for the purpose of comparative advertising,⁷⁴³ informing consumers about the resale of genuine goods after the exhaustion of rights, informing consumers about alternative products, parody and artistic expression, or criticism and review.⁷⁴⁴ Furthermore, the ‘necessity test’ does not impact the interpretation of ‘honest practices’.

Regarding the honest practices standard, the CJEU ruled that the third party’s use is not in accordance with honest practices if ‘it is done in such a manner as to give the impression that there is a commercial connection between the third party and the trade mark owner; it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute; it entails the discrediting or denigration of that mark; or where the third party presents its product as an imitation or replica or the product bearing the trade mark of which it is not the owner’.

Admittedly, the CJEU implemented the infringement factors as criteria for assessing honest practices, i.e. absence of confusion, unfair advantage, blurring and tarnishing.⁷⁴⁵ The CJEU even went a step further in emphasising that these ‘factors’ operated as conditions,⁷⁴⁶ making it more difficult for third parties to invoke defences.

However, in *Céline*,⁷⁴⁷ where the CJEU was asked to rule on a dispute concerning identical trade names, the CJEU did not refer to *Gillette*, in which it had recently ruled that the factors must be seen as conditions.⁷⁴⁸ It is therefore unclear whether the honest practices

⁷⁴⁰ Case C-228/03 *Gillette* ECLI:EU:C:2005:177, paras 35-36.

⁷⁴¹ Bently and others (n 626) 1141; Kur and Senftleben (n 621) 419.

⁷⁴² Kur and Senftleben (n 621) 419. See also: Ramsey and Schovsbo (n 621) 676-677.

⁷⁴³ This defence is a more theoretical option, however, since appropriate comparative advertising does not even lead to a *prima facie* infringement after the trademark law reform. Comparative advertising is not included in art 14(1)(c) TMD 2015 and art 14(1)(c) EUTMR, but implemented in art 10(3)(f) TMD 2015 and art 9(3)(f) EUTMR as a specific category of infringing use. See also: Kur and Senftleben (n 621) 421.

⁷⁴⁴ Kur and Senftleben (n 621) 420-421; Kur, Dreier and Luginbuehl (n 632) 266.

⁷⁴⁵ Case C-228/03 *Gillette* ECLI:EU:C:2005:177, para 49. See: Bently and others (n 626) 1135; Kur and Senftleben (n 621) 432; Yap (n 738) 289-290.

⁷⁴⁶ Case C-228/03 *Gillette* ECLI:EU:C:2005:177, para 46.

⁷⁴⁷ Case C-17/06 *Céline* ECLI:EU:C:2007:497.

⁷⁴⁸ Case C-228/03 *Gillette* ECLI:EU:C:2005:177, para 46.

factors are merely factors or conditions in all cases where the limitations of trademark rights are invoked as defences.

Furthermore, the CJEU also explained that the overall presentation of a third party's product should be considered, in particular the way in which the trademark was displayed in that presentation. Other factors to be taken into account included the extent to which the third party's sign differed from the trademark, and the effort made by the third party to ensure that consumers could distinguish the third party's products from the trademarked products.⁷⁴⁹

National courts thus need to take into account the overall presentation and the efforts made by a third party to avoid confusion among consumers, which can be seen as empirical factors since they measure how consumers perceive the products in question in reality. Since the infringement assessment is quite abstract,⁷⁵⁰ these additional circumstances can potentially overrule the conclusion based on assessment factors repeating *prima facie* infringement criteria. Quite clearly, *Gillette* thus established not only a necessity test. In addition, the decision opened a back door for including individual measures taken by the defendant to prevent trademark harm in the analysis.

For example, overall presentation can indicate that consumers may not be confused even though the signs and goods are similar and the trademark is well known. If a third party makes a reasonable effort to avoid confusion, the court can still conclude that some consumers may be confused, but not the average consumer. This means any benefits a third party generates are not necessarily unfair.⁷⁵¹

Furthermore, in the context of the 'due cause' defence regulated under Art. 10(2)(c) TMD 2015 and Art. 9(2)(c) EUTMR, the CJEU argued in *Interflora* that if an advertiser offers its products as an alternative to the products of the trademark owner and refrains from offering a mere imitation of the trademark owner's products, causing dilution or tarnishment

⁷⁴⁹ *ibid.*

⁷⁵⁰ Robert Burrell and Dev Saif Gangjee, 'Trade Marks and Freedom of Expression: A Call for Caution' (2010) 41 IIC 544, 556; Ansgar Ohly, 'A Fairness-Based Approach to Economic Rights' in Bernt Hugenholtz (ed), *Copyright reconstructed: rethinking copyright's economic rights in a time of highly dynamic technological and economic change. Information law series* (Wolters Kluwer 2018) 11; Ansgar Ohly, 'Interfaces between trade mark protection and unfair competition law: Confusion about confusion and misconceptions about misappropriation?' in Nari Lee and others (eds), *Intellectual Property, Unfair Competition and Publicity Convergences and Development. European Intellectual Property Institutes Network series* (Edward Elgar 2014) 41-42. For example, in *Arsenal*, the infringer had clearly informed consumers that the fan articles were not officially licensed by the football club. The CJEU ruled that this disclaimer did not change the conclusion that a likelihood of confusion existed. See also: Ansgar Ohly, 'Trademark Law and Advertising Law in the European Union: Conflicts and Convergence' in Calboli and Ginsburg (n 638) 323-336, 324, 327-329, 336. There has, however, been a 'significant recent trend towards convergence' between EU trademark law and unfair competition law. Ohly shows that the trademark confusion analysis 'has arguably become less formal and more context-sensitive and has, hence, adopted some characteristics of unfair competition methodology'.

⁷⁵¹ For example, in *Siemens/VIPA*, the CJEU ruled that the advertiser did not take unfair advantage of the reputation of the distinguishing trademark because the advertising was intended for a specialised public and associations with the trademark were avoided by the presentation of the advertising (para 27). The CJEU considered that the benefit of comparative advertising to consumers must necessarily be taken into account in determining whether an advertiser is taking unfair advantage of the reputation of a trademark, trade name or other distinguishing marks of a competitor and that the benefit an advertiser derives from comparative advertising is not leading when assessing whether the advertisers' behaviour is lawful (paras 24-25). See: Case C-59/05 *Siemens/VIPA* ECLI:EU:C:2006:147.

and affecting the trademark's functions, the advantage resulting from such use is not unfairly taken from the reputation of the proprietor's trademark. In the CJEU's opinion, such use falls within the ambit of fair competition in the sector for the goods or services involved. As a result, the CJEU did not immediately reject the due cause defence after concluding that free-riding was involved, under the assumption that some beneficial effect generated by a third party should be tolerated if undertaken for legitimate reasons.⁷⁵²

In other words, the foregoing examples of CJEU jurisprudence show that the Court leaves room for assessing the proviso of honest business practices (and the comparable question of sufficient precautions against harm when invoking the due cause defence) more empirically. Moral standards alone are not decisive. Based on purely ethical standards, it may be postulated that an honest trader should stop causing the trademark owner any harm. There would be no room for allowing any confusion, dilution or free-riding since this would go against the basic emotive feeling⁷⁵³ that 'you shall not reap where you have not sown'.⁷⁵⁴

Avoiding this purely ethical standard, the CJEU interprets 'honesty' from a broader perspective and takes all the interests of the parties involved into account. For example, in *Gerolsteiner Brunnen*, the CJEU had to consider that the drinks were made with water from a

⁷⁵² Case C-323/09 *Interflora* ECLI:EU:C:2011:604, para 91. In *Leidseplein*, the CJEU ruled that pursuant to the concept of 'due cause' within the meaning of that provision, proprietors of a reputable mark may be obliged to tolerate the use of a similar sign if it is shown that that sign was being used before that mark was registered and the use is in good faith. If this is the case, national courts must consider whether the sign has been accepted by, and what its reputation is with, the relevant public; the degree of proximity between the goods and services for which that sign was originally used and the product for which the reputable mark was registered; and the economic and commercial significance of the use for that product of the sign that is similar to that mark (Case C-65/12 *Leidseplein* ECLI:EU:C:2014:49, para 60).

⁷⁵³ Dirk JG Visser, 'Misrepresentation and Misappropriation' in Ansgar Ohly (ed), *Common Principles of European Intellectual Property Law* (Mohr Siebeck 2012) 251.

⁷⁵⁴ See: Case C-487/07 *L'Oréal/Bellure* ECLI:EU:C:2009:378, para 49: 'where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark'. This is a rather emotive ruling that does not really fit in the trademark law system and has therefore been repeatedly criticised. See: Kur and Senfleben (n 621) 20. See, however, Callmann, who argued that two types of unfair competition should be distinguished, 'competition embracing constructive effort and competition embracing non-constructive effort'. In his eyes, the former should always be permitted, while the latter should be prohibited. Constructive effort ('*Leistungswettbewerb*' or 'competition on one's own merits') is 'the effort of a man who strives to obtain commercial advantages only by the honestly exercised means of his own strength, his own ingenuity, skill, and capital. Constructive effort is a subjective conception, which means that the business man's effort is called constructive, not because, from an objective point of view, the effect of his endeavor is beneficial to the general economy, especially not because *he* considers his competitive effort beneficial for the whole, but because the means of his business activity display those of his powers which are from a reasonable standpoint necessary in order to do the best possible job within his ability.' Following this approach, trademark owners have stronger trademark protection since traders must take the necessary steps to avoid interference with the trademark owner's rights even though these additional efforts would lead to less competition and a lower level of well-being for the public. See: Rudolf Callmann, 'What is Unfair Competition' (1940) 28 *Geo L J* 585, 600-601; Rudolf Callmann, 'He Who Reaps Where He Has Not Sown: Unjust Enrichment in the Law of Unfair Competition' (1942) 55 *Harv L Rev* 595, 612. See for a critical comment: Gustavo Ghidini, '"Competition on the merits": a pseudo-concept?' (2016) 1 *Luiss Law Review* 84, 85.

source in County Kerry in Ireland, which was included in the list of recognised sources of mineral water. The trademark owner's right to prevent confusion among consumers had to be weighed against the competitor's right to indicate the geographical origin of the drink.

In *Gillette*, for instance, the CJEU had to balance the defendant's interest in using the trademark to provide the public with comprehensible and complete information about the intended purpose of the product, i.e. the fact that the Gillette handles were compatible with the defendant's blade, against the trademark owner's right to prevent confusion among the public and safeguarding its trademark reputation. In both situations, the trademark use might be justified in light of third-party interests.

Following this approach, whether the defendant's use of the trademark can be prohibited ultimately depends on the defendant's conduct, which has to be determined by making an overall assessment of all the relevant circumstances, i.e. the shape and labelling of the product. The presentation of the product could indicate not only whether a likelihood of confusion indeed exists (given the factual circumstances), but also to what extent a third party can be expected to have been aware of this. For example, if a trademark is highly well known, it is more likely that a trader would be aware of the commercial link. Furthermore, the presentation of the product could reveal the effort made by the competitor to ensure that consumers could distinguish the competitor's products from the trademarked products.⁷⁵⁵

This means that the decisive factor in assessing whether the defendant's conduct is honest is based on a combination of objective and subjective elements.⁷⁵⁶ If a trader deliberately causes confusion, this conduct cannot be seen as fair. A reasonable honest trader would have made sufficient efforts to avoid confusion instead of deliberately causing confusion. The defendant's state of mind – becoming manifest in measures taken to prevent harm – thus might be a relevant factor, although it is not decisive. Otherwise, companies would deliberately not make any effort to determine whether the signs they have chosen are already used by other traders. What is important is what a reasonable trader ought to have known or done to avoid confusion.⁷⁵⁷

⁷⁵⁵ See also in this sense with regard to unlawful imitations: de Vrey (n 643) 311. Under German and Dutch unfair competition law the claimant has to prove that the confusion was 'needless'. If the defendant proves that despite having taken reasonable measures he was unable to avoid confusion, for example because he obtains the same technical effect, the act is not unlawful. The English tort of passing offers broader protection without the requirement that the misrepresentation of the defendant's product should be 'needless'. German law (but also English law) would be preferable in so far as it considers whether the defendant clearly followed another product's overall appearance, for example by attaching its own marks to the product or using different packaging.

⁷⁵⁶ These elements can be described as empirical as well as normative. Empirical because they are related to the question of how consumers really perceive signs and whether consumers believe that the products are connected with each other. Did the honest trader make sufficient efforts to reduce real consumer confusion? Normative because assessment factors ultimately serve a higher, normative goal: to ensure that the prevention of unfair acts of competition leads to a transparent and properly functioning market.

⁷⁵⁷ Nevertheless, it could be argued that the trademark owner's conduct could also be a relevant factor in the assessment of honest practices. If the claimant is limited in exercising trademark rights (think of absence of confusion, fair comparison or protection beyond confusion), efforts to avoid harm might offer an unfair advantage if a claimant attempts to enforce its trademark rights irrespective of these efforts. If the claimant does not have a strong case, fewer efforts to reduce possible trademark harm might therefore be sufficient. This argument refers to the issue of 'clean hands', which means that a claimant may be without remedy if the judge

Furthermore, it could be argued that a broader interpretation of the general definition of honest practices is in line with Art. 10^{bis} PC. Currently, the reference frame for developing the concept of honest practices need not be restricted to a businessman's standard of behaviour but can also include other overarching values, such as safeguarding the efficient operation of competition as a main instrument of market economies.⁷⁵⁸ As already explained above, a value-based approach may offer room for accepting some detriment to the trademark as long as this detriment is outweighed by benefits for society, such as a well-functioning market with a high degree of freedom of competition. As also explained, acceptance of this final outcome would still depend on the individual conduct of the competitor using the trademark. Only if the competitor takes steps to avoid harm to the greatest extent possible can the detriment to the trademark be justified.⁷⁵⁹

Nevertheless, the fact remains that the described conduct-based approach seems to be detached from Art. 10^{bis} PC. In particular, the defendant's state of mind – and resulting efforts to prevent harm – is not included in the definition or the examples mentioned in Art. 10^{bis} PC.

In a trademark context, however, the concept of honest business practices must necessarily be interpreted in light of the full spectrum of current trademark norms, including limitations of trademark rights, such that, despite having its origins in unfair competition law, it might not be so problematic if the honest practices proviso is given a slightly different meaning when applied in trademark law.

Moreover, if the scope of trademark protection expands, it makes sense to devise defences that develop in parallel.⁷⁶⁰ The Paris Convention does not provide for any specific rules concerning the subject matter and scope of trademark protection, such that limitations are also not required as a counterbalance. At the international level, limitations in trademark law were stipulated for the first time in Art. 17 TRIPS. Considering the recognition of a

believes him to have brought forward a case without 'pure hands and a pure conscience' (see: *Fetridge v Wells* 13 How. Pr. 385, 389 (N.Y. Sup. Ct. 1857)). The claimant's conduct must thus be intentional and directly related to the case, such that the trademark owner is not unjustifiably deprived of relief. Furthermore, the refusal of an infringement claim must be balanced against the public interest in protecting consumers against confusion. If the judge rejects the trademark claim because of the claimant's illegal conduct, the defendant could continue to sell similar products, which might cause confusion among consumers. For example, if the claimant retains their trademark registration by false or fraudulent representations, a 'clean hands' defence might be successfully invoked. See: 'The Besmirched Plaintiff and the Confused Public: Unclean Hands in Trademark Infringement' (1965) 65 Colum L Rev 108 (Notes section). See further: Altman and Pollack (n 643) paras 23:14-20.

⁷⁵⁸ The meaning of honest practices is basically influenced by the norms of the protecting country in question, and by EU legislation. In an international case, international norms can further influence the concept of honest practices.

⁷⁵⁹ For example, whether a third party advertising repair services for BMW or Volkswagen is allowed to use their logo depends on the concrete circumstances of the case. The use might be justified if the reference is small or is used in combination with other trademarks. If that is the case, the consumer might be expected to understand that there is no commercial link between the third party and the trademark owner, especially if the website contains a clear and visible disclaimer stating that the third party is not economically linked to the trademark owner. Furthermore, the defendant could reduce the suggestion of a commercial link by attaching its own trademark and could place the BMW or Volkswagen logo in a non-prominent position in the advertisement. See also: Kur and Senftleben (n 621) 419; Montiano Monteagudo and Núria Porxas, 'Repairs and other specialist services in the light of the ECJ'S *BMW* ruling' in Jeremy Philips (ed), *Trade Marks at the Limit* (Edward Elgar 2006) 117-119.

⁷⁶⁰ See also: Ramsey and Schovsbo (n 621); Dinwoodie (n 621).

broader set of trademark rights in Art. 16 TRIPS, limitations can be seen as a countermove to the grant of broader protection. Compared to the limitation clauses in copyright (Art. 13 TRIPS), industrial designs (Art. 26(2) TRIPS) and patent law (Art. 30 TRIPS), however, Art. 17 TRIPS provides relatively broad leeway to TRIPS members to provide for trademark limitations.⁷⁶¹

In light of this international flexibility, a conduct-based approach that accepts some degree of harm to the trademark can be reconciled with international protection standards as long as the competitor seeks to minimise the harm flowing from use of the trademark on the basis of a limitation of trademark rights, and the harm itself is outweighed by overall benefits, such as enhanced freedom of competition and freedom of (commercial) expression. This conduct-based approach also has important advantages in an EU context. When it is applied in accordance with the guidelines which can be derived from CJEU case law, it becomes possible to extend limitations beyond a simple repetition of the infringement criteria and really take the legitimate interests of the owner of the trademark and of third parties into account. A trader can be justified in causing some harm to the trademark if he can show that he took sufficient measures to minimise harm and if tolerating trademark use is in the interests of overarching goals, such as safeguarding undistorted competition. The duty to act fairly also points to a need for the honest practices assessment to be more conduct-based.

6.4 National Case Law

The differences between a normative approach (based on ethical findings) and a more empirical approach (based on actual consumer perception, reflecting the efforts made by the alleged infringer to reduce consumer confusion and association with the trademarked products in question) can be aptly illustrated by discussing national case law.

For instance, the Court of Appeals of The Hague was asked to decide a dispute between two manufacturers of crisps, Kettle Foods and Intersnack.⁷⁶² Kettle Foods had registered the word mark ‘KETTLE’ for snacks in the Benelux and in the EU. Kettle Foods had erased their US trademark registrations after the District Court of California had decided that ‘kettle cooked’ was descriptive. The manufacturing process of crisps by Kettle Foods was generally called ‘kettle cooked’.⁷⁶³

Intersnack marketed crisps on the Dutch market under a different mark, ‘CHIO’. The words ‘Kettle Cooked’ appeared in the middle of the packaging under their own trademark ‘CHIO’ and the word ‘Chips’. The words ‘Kettle Cooked’ were shown in a similar colour of writing on the same red ground, and starting with a capital letter, but in a style which was different from the trademark. The defendant’s packaging also contained pictures of a kettle

⁷⁶¹ For instance, art 17 TRIPS does not state that exceptions must be limited to ‘certain special cases’. It only states that Member States may provide ‘limited exceptions’ to the trademark owner’s rights. In addition, art 17 TRIPS does not require that the limitations ‘not conflict with the normal exploitation’, but refers to descriptive use as an example of a permitted exception. art 17 TRIPS further states that account must be taken of ‘legitimate interests of the right holder and of third parties’; cf WTO Panel, 15 March 2005, WTO Document WT/DS174/R (n 621); Kur and Senftleben (n 621) 54; Dontas (n 621) 7.

⁷⁶² Court of Appeal of The Hague, 15 July 2014, Case 200.133.706/01 – *Kettle Foods v Intersnack*.

⁷⁶³ *ibid* para 1.

and crisps in the background. Kettle Foods brought an action for trademark infringement and unfair competition.

The Court ruled in favour of the defendant on the grounds that the words 'Kettle Cooked' were used in compliance with honest practices.⁷⁶⁴ Interestingly, the Court did not discuss whether a likelihood of confusion – and thus *prima facie* infringement – existed among consumers, but directly assessed whether the descriptive use defence was applicable. By discussing the limitation of trademark rights in favour of descriptive use, the judge in fact also agreed that an infringement was made without actually assessing the criteria for establishing a likelihood of confusion.

This latter assessment could easily have been done by comparing the signs in isolation instead of considering the overall appearance of the two packages. The Court must have been aware of the visual, phonetic and conceptual similarity between the signs as well as the fact that the goods were identical and that the trademark was sufficiently distinctive. The public consisted of a general average consumer interested in a general consumer good⁷⁶⁵ and was therefore more likely to be confused. Since the Court directly discussed the limitations on descriptive use, its reasoning with regard to a finding of *prima facie* infringement can only be guessed at.

Instead of declaring the descriptive use defence inapplicable by simply repeating the infringement criteria, thereby assessing the case more normatively,⁷⁶⁶ the Court developed a different line of argument based on the infringer's conduct. The Court considered the overall impression the two packages left on the general public. The defendant's own trademark clearly appeared on the packaging and would be interpreted by the consumer as a source identifier. As the term 'Kettle' was not highly well known, the consumer who was used to English terms on the packaging of snacks would perceive the words 'Kettle Cooked' as a description of the way the crisps were produced. The manufacturing process could also be found on the defendant's packaging. In addition, the Court included the defendant's intention in the assessment. The fact that the defendant did not use English terms on the packaging intended for German or French consumers indicated that the defendant did not wish to free-ride on the claimant's coat-tails.⁷⁶⁷

The Hague Court thus approached the case more empirically by considering all the relevant circumstances of the case. The fact that the defendant's own trademark clearly appeared on the packaging showed that the defendant had made sufficient efforts to minimise harm and did not intend to free-ride on the trademark owner's goodwill. The fact that the trademark was not highly well known also suggested that it was less likely that consumers would be confused or that the defendant intended to profit from the claimant's investments.

⁷⁶⁴ The Court also found that the words 'Kettle Cooked' had not been used as a trademark, but only in a descriptive sense (para 7.3).

⁷⁶⁵ *ibid* para 7.2.

⁷⁶⁶ When the court compares the signs in isolation and assesses the likelihood of confusion question in an abstract way, this can be seen as a more normative assessment. In such cases the judge does not seek to find out whether consumers are really confused in practice. An honest trader should not seek to cause confusion even if the consumers are not actually confused.

⁷⁶⁷ *ibid* para 7.13.

Moreover, the fact that the packaging intended for German and French consumers did not contain English terms also indicated that the defendant's intentions were not dishonest.

Nevertheless, it is questionable whether the Court would have reached the same conclusion if the trademark had been reputable or even highly well-known. The Court specifically based its decision on empirical data, including an online survey on 'awareness of Kettle chips' conducted among 2000 Dutch respondents,⁷⁶⁸ and turnover figures, sales numbers, market shares, advertising expenditure and so forth, none of which were sufficient to convince them.⁷⁶⁹ If the Kettle trademark had been highly well known, this would probably have impacted the Court's decision. Consumers would have recognised the Kettle trademark and may have believed that the two products were economically linked.

If this was the case, the Court would probably have found that the defendant had not made sufficient efforts to avoid a likelihood of confusion. The colours of the packaging and the letters were similar and the capitalised first letters could have been perceived as a reference to the trademark. It would have been better if the defendant had written the words 'Kettle Cooked' in small letters in a different colour and font, using a smaller font size. The pictures of crisps and the kettle also conceptually referred to the trademark and did not necessarily dispel the similarities between the two packages. The description 'Kettle Cooked' was also placed in the middle of the packaging, where consumers probably expected to find a trademark.

The Court would presumably have allocated the trademark owner's claim despite the fact that the defendant's own mark appeared prominently on the packaging. In *Anheuser-Busch*, the CJEU argued that high distinctive character is a factor to be considered in the honest practices test. Consumers are more likely to be confused the more distinctive the trademark is, and the defendant should be aware of that. If the trademark had been well known, the Court would probably have ruled that the defendant should have done more to minimise harm. This would be in accordance with the conduct-based approach as distilled from CJEU case law: if the trademark is well known, a defendant who claims to be an honest trader should be aware of this and take more measures to reduce consumer confusion.

In a similar case, the UK Chancery Division had to resolve an issue concerning the defendant's use of the word 'Supreme' in connection with animal foods.⁷⁷⁰ The claimant had registered the word mark 'Supreme', a stylised version and a trademark consisting of a ribbon device with the word element 'Supreme' for animal food. The Court ruled that the defendant's use of the sign 'Supreme' for animal food was in accordance with honest practices since the sign was used as an indication of the quality of the feed. Even if the average consumer perceived this element as partly distinctive, it could not be denied that it was still a common descriptor or at least laudatory epithet.⁷⁷¹

In this case too, the Court could have ruled that there was infringement if it had only assessed the word 'Supreme' in isolation. The sign was visually, aurally and conceptually identical to the UK word mark and the word elements were similar in terms of figurative marks. Both signs were also used for identical products. Instead of using a schematic

⁷⁶⁸ *ibid* para 7.6.

⁷⁶⁹ *ibid* para 7.8.

⁷⁷⁰ *Supreme Petfoods Ltd v Henry Bell & Co (Grantham) Ltd* [2015] ETMR 20.

⁷⁷¹ *ibid* paras 204, 206.

assessment, the Court considered the concrete circumstances and emphasised that the similarities were based on non-distinctive elements. Furthermore, even if any likelihood of confusion existed, this would have been negated by the context since the defendant's use of the word 'Supreme' was always subsidiary to the prominent and well-known 'MR JOHNSON's' brand.⁷⁷²

The Court ruled that the defendant's use of the word 'Supreme' was a case of honest concurrent use since the sign had been used for over twenty years with no evidence of any actual confusion.⁷⁷³ Furthermore, the judge said that the claimant's correspondence with the defendant's predecessors would have implied that the claimant did not object to the defendant's use of the sign 'Supreme' per se, but only to particular presentations of the sign.⁷⁷⁴ In the judge's opinion, there was also no indication that the defendant knew that a likelihood of confusion existed or that the trademark's reputation had been affected.⁷⁷⁵ The defendant had a good justification for using the sign as a common descriptor or laudatory epithet.⁷⁷⁶

In other words, the defendant made sufficient efforts to avoid confusion among consumers by clearly attaching his own trademark to the packaging. Furthermore, the circumstances showed that the defendant did not intend to cause the trademark owner any harm. Since the trademark was not highly distinctive, it was also not very likely that a likelihood of confusion existed.

In contrast to the previous cases, in *Heksenkaas/Kühlmann*, the defendant did not make particular efforts to avoid harm to the trademark.⁷⁷⁷ In this case,⁷⁷⁸ the trademark owner claimed that the defendant, a former producer of an important ingredient for the claimant's HEKS'NKAAS, produced, after the collaboration ended, a similar dip of which the product packaging infringed on their trademark.⁷⁷⁹

The packages of the dips both consisted of transparent plastic containers with a lid with an overlapping edge, and cardboard wrappings which were attached to both containers. The size of both containers and wrappings were approximately the same. Besides, both cardboard wrappings were characterised by cartoonishly styled pictures in similar colours of the dip's ingredients (vegetables) which could be found on the product packaging. However, the word marks on both packages were completely different.

The Dutch District Court of Gelderland argued that the word element 'Dip & Smeer'm' on the defendant's packaging did not impact the overall impression since it was purely descriptive for a dip product and therefore could not be seen as a dominating or eye-catching element.⁷⁸⁰ In the judge's view, the defendant had exceeded the limits of what was acceptable and had done so deliberately. It was relatively simple to depict the different elements of the product packaging in a different colour and/or in a graphically different way.

⁷⁷² para 154.

⁷⁷³ para 183.

⁷⁷⁴ para 199.

⁷⁷⁵ paras 201-202.

⁷⁷⁶ para 204.

⁷⁷⁷ District Court of Gelderland, 12 March 2020, ECLI:NL:RBGEL:2020:1714 – *Heksenkaas v Kühlmann*.

⁷⁷⁸ *ibid*.

⁷⁷⁹ *ibid* paras 2.3-2.5.

⁷⁸⁰ *ibid* para 4.8.

The defendant could have done this without impairing the functionality and attractiveness of the product packaging of its own dip.⁷⁸¹ In the Court's eyes, the defendant deliberately tried to profit from the success of the claimant's dip on the market.⁷⁸²

If the judge had discussed any limitations, the new defence on descriptive and indistinctive use might have applied. Article 14(1)(b) TMD 2015 and Art. 14(1)(b) EUTMR also apply to the use of 'signs or indications which are not distinctive'.⁷⁸³ Nevertheless, it is doubtful whether it would have mattered if the judge had assessed these limitations of trademark rights. Both approaches would probably have led to the same outcome. Admittedly, it could be argued that the product was sold under a clearly different name, with a different logo and background. The pictures of the ingredients were different. Moreover, where the HEKS'NKAAS logo evoked strong associations with witches and magic, the 'Dip & Smeer'm' carried a simple message: take it and dip away.

However, as noticed by the Court, the defendant revealed a lack of effort to minimise possible harm. The trademarked product was well known⁷⁸⁴ and the defendant ought to have been aware of this. Moreover, the defendant knew the claimant's reputation since he was the former producer of the claimant's dip. The packaging of the defendant's dip also showed that the defendant had intended to ride on the coat-tails of the claimant's mark. It is true that a trademark owner is not allowed to monopolise a transparent container or particular colours, but there were enough options for a different product which did not look so much like the claimant's dip. The five-pointed stars and the strangers' fingers on the packaging were small details that could easily be overlooked by consumers; however, they seemed to indicate the defendant's real intentions: to evoke associations with the 'HEKS'NKAAS' trademark. The defendant should have done more to remove the impression that he wished to free-ride on the trademark owner's reputation; the addition of a different trademark was not enough.

In *Hema/Lacoste*, the defendant's conduct was also found slightly dishonest. The Dutch Court of Appeal of The Hague was asked to resolve a dispute between the trademark owner Lacoste and the company Hema, which deals in retail and non-retail sales of consumer goods.⁷⁸⁵ Hema marketed two sets of children's underwear. The grey coloured shirt and

⁷⁸¹ para 4.9.

⁷⁸² para 4.10.

⁷⁸³ Individual elements, such as the shape, the transparency of the container, the lid, the wrapping, the colours, the descriptions and the pictures, were indistinctive as such, but they were registered because of their combination. The high percentage of respondents who recognised the HEKS'NKAAS product packaging was only due to the combination of these elements; it did not prove that the separate elements were highly distinctive as such. The fact that the individual elements themselves were not distinctive was also signalled by the Court. But even if the individual elements had become distinctive, it could be argued that the trademark defence should apply. Otherwise, trademark owners would not only bypass normative considerations on third parties' need to keep signs freely available when registering a combination mark, but also be able to set aside limitations because they taught their consumers so well to recognise non-distinctive elements as a trademark. See also: Kur and Senfleben (n 621) 417-418; Annette Kur, 'Yellow Dictionaries, Red Banking Services, Some Candies, and a Sitting Bunny. Protection of Color and Shape Marks from a German and European Perspective' in Irene Calboli and Martin RF Senfleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (Oxford University Press 2018) 102-103.

⁷⁸⁴ Studies showed that approximately 50% of respondents recognised the HEKS'NKAAS packaging without its wordmark as the original HEKS'NKAAS dip.

⁷⁸⁵ Court of Appeal of The Hague, 11 August 2020, Case 200.254.842/01, IEF 19365 – *Lacoste v Hema*.

underpants contained pictures of several different crocodiles in the colours blue and green. On the blue-coloured shirt, one single small green-coloured crocodile appeared at breast height; the blue underpants were offered without a print.⁷⁸⁶

The Court concluded that a likelihood of confusion existed. Regarding the blue shirt, the Court ruled that the signs were highly similar from a visual and conceptual perspective. Regarding the grey underwear, the Court indicated that the two crocodiles with an open mouth were visually and conceptually highly similar to the trademark since they were the same crocodile as the one on the blue shirt. The other crocodiles were visually slightly similar but conceptually highly similar. Given the identity between the goods, the notoriety of the brands and their large scope of protection, and the results of a market study conducted by Lacoste, the Court ruled that a likelihood of confusion existed.⁷⁸⁷

Once again, the judge did not discuss any trademark limitations, but if they had done so, it is questionable whether the conduct-based approach would have helped the defendant much.⁷⁸⁸ Nevertheless, this does not make the analysis less interesting, since a discussion of the limitations sheds light on which considerations may have played a role in following a conduct-based approach.

For example, it is questionable whether Hema made sufficient efforts to distance itself from Lacoste's trademark. Consumers might not have been confused when purchasing the underwear, but a closer look reveals that Hema must in any case have been highly inspired by the Lacoste logo. The similarities between the crocodiles might indicate that Hema wished to free-ride on Lacoste. It is quite a coincidence that the crocodile was not very big, that its mouth was on the right side, open and at approximately the same angle as Lacoste's crocodile and that it appeared on the blue shirt at breast height where trademarks are usually placed. On the grey underwear, the crocodiles, which were highly similar, were typically placed in the middle of the underwear. Because of the notoriety of the Lacoste brand, Hema must have been aware of the similarities with the Lacoste logo. If the court had taken a conduct-based approach, the defendant would probably also have failed to invoke trademark limitations. The defendant should therefore have done more to minimise any trademark harm; the circumstances indicate that the defendant deliberately crossed the boundaries of what was acceptable.

Finally, with regard to keyword advertising cases, this conduct-based approach also seems to be consistent. As recognised by the CJEU in *Interflora*,⁷⁸⁹ courts need to take a broader approach by not immediately rejecting defences after concluding a *prima facie*

⁷⁸⁶ *ibid* para 1.4.

⁷⁸⁷ paras 39-41, 55-58.

⁷⁸⁸ Admittedly, the CJEU ruled that the purely decorative use of a two-stripe motif on sports garments was not intended 'to give an indication concerning one of the characteristics of those goods' (Case C-102/07 *Adidas/Marca* ECLI:EU:C:2008:217, para 48). If a claimant convinces the judge, for example with empirical evidence, that a likelihood of confusion exists, no further balancing of interests will in principle take place. Nonetheless, in recital 27 TMD 2015 (recital 21 EUTMR) it is explained that 'the exclusive rights conferred by a trade mark should not entitle the proprietor to prohibit the use of signs or indications by third parties which are used fairly and thus in accordance with honest practices in industrial and commercial matters'. Furthermore, it says that 'this Directive should be applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression'.

⁷⁸⁹ Case C-323/09 *Interflora* ECLI:EU:C:2011:604.

infringement. Offering a commercial alternative to the trademarked goods and services could be justified in view of promoting undistorted competition and consumer choice. Following a more normative approach based on ethical standards, third parties are probably not allowed to use similar signs as keywords for their advertisements. Furthermore, courts should take all the relevant factors into account when finding out which measures a third party should have taken to minimise trademark harm, including the content and presentation of advertisements.

6.5 Conclusion

This chapter suggests that a more empirical approach should be adopted when assessing compliance with the requirement of honest practices in cases where limitations of trademark rights are invoked. On the one hand, the honest practices test should be based on a conduct-based inquiry that focuses on the efforts made by the defendant to avoid detriment to the trademark. On the other hand, the assessment should raise the question whether these efforts enable consumers to make a distinction between the products bearing the competitor's potentially infringing sign and the original products of the trademark proprietor.

If the defendant takes measures to minimise possible harm to the trademark owner but some confusion still exists or unfair advantage is still taken, the use of the conflicting sign can nonetheless be allowed as long as the detriment caused to the trademark is outweighed by overarching benefits for society, such as enhanced freedom of competition and freedom of (commercial) expression, and enhanced consumer information and consumer choice.

This conduct-based approach ensures that not only the legitimate interests of the trademark owner but also those of third parties are taken into account. Trademark owners cannot prevent unauthorised use of the trademark if the defendant has made sufficient efforts to minimise harm and the defendant's use contributes to the achievement of the aforementioned overarching societal values. At the same time, competitors must respect the interests of the trademark owner to the largest extent possible and take appropriate and available measures to avoid harm if they want trademark limitations to apply.

In addition to benefits accruing from enhanced freedom of competition and freedom of (commercial) expression, the described conduct-based approach offers an alternative assessment scheme for the inquiry into honest practices that can help to overcome the unsatisfactory approach taken by the CJEU, which simply repeats assessment criteria that have already been used to establish *prima facie* infringement. Thus, the conduct-based approach also has the advantage of giving the limitations of trademark rights a more independent role in the analysis. As a result, the limitations become true counterbalances and efficient safeguards against overbroad protection.

7 Conclusion

7.1 Summary

The foregoing analysis aimed at exploring consumer perception as a central factor in EU trademark law. Given its close connection to the basic criterion of distinctiveness, consumer perception informs decisions on when to grant trademark protection and deeply impacts the infringement analysis. Hence, it was of utmost importance to be clear about its correct assessment: to which extent should a normative or empirical approach to consumer perception prevail to ensure fair competition, consumer protection, and the proper functioning of markets?

To create a basis for discussing this research question, Chapter 2 investigated the rationales of the trademark law system. Addressing the objectives underlying trademark law made it possible to determine the grounds for reliance on consumer perception as a central yardstick for registration and infringement decisions in EU trademark law. The study also discussed the tension between a normative and an empirical assessment of consumer perception.

With this theoretical basis in mind, Chapters 3-6 addressed the impact of a normative or empirical analysis of consumer perception on decisions concerning trademark registration and the establishment of infringement. These chapters explored whether current EU trademark law on the acquisition (Chapter 3) and scope (Chapters 4-6) of protection was primarily grounded in normative considerations or in empirical findings, and whether this was problematic in view of the overarching objectives of EU trademark law.

The outcome of this research was applied as a starting point in proposing new solutions that may eliminate dysfunctional incentives and safeguard a proper balance between trademark rights and the interests of consumers, competitors and the public at large. In this final chapter, I offer some recommendations concerning the right combination of empirical and normative approaches in the framework of trademark registrations and infringement cases (following section 7.2).

Chapter 2 discussed the rationales of trademark protection. It showed that the primary goal of trademark protection is to ensure market transparency. In a transparent market where distinctive signs are exclusively connected with products originating from an individual commercial source, traders can easily distinguish their products, and consumers can quickly choose between the products offered and express their preference by purchasing the desired product. This also ensures that the right products are produced and sold on the market.

This chapter further indicated that the origin function relates to the consumer search costs rationale. By safeguarding the identifier of commercial source, trademark law prevents consumers from becoming confused. It also facilitates a trading climate in which consumers can rely on source identifiers. The assurance that the information concerning the commercial source is correct helps to lower consumers' search costs, which can be understood as the costs of acquiring information about products or reducing the risks of uncertainty.

However, the strong focus on consumer protection and the corresponding search costs rationale may have contributed to the expansion of trademark rights. Modern trademark law greatly depends on consumer perception. With the help of marketers trained in influencing consumer perceptions, trademark owners have systematically generated broader trademark rights. An empirical approach to consumer perception may have further exacerbated this process.

This chapter also analysed the arguments put forward to justify the additional functions of trademark protection related to the protection of brand goodwill. I pointed out that the justification for additional protection going beyond the original function of the trademark is rather weak. Nevertheless, it was argued that simply denying legal protection was not an option since the economic reality has been that the perception of the consumer has developed into a core element of trademark protection. Instead of rejecting additional trademark protection, I argued that it would be better to focus on creating breathing space for countervailing values, such as (commercial) freedom of expression and undistorted competition.

Chapter 3 argued that we need a far more normative test. The reforms of the EU legal system and the broader interpretation of the shape exclusions by the CJEU were all seen as very welcome, but not sufficient. Given the position of suggestive, arbitrary, and fanciful marks, it is necessary to include a more normative approach to descriptive, cultural, generic and non-distinctive signs.

Chapter 3 also revealed that the assumptions of the CJEU regarding trademark perception do not reflect what we know about consumer perception from scientific and medical research. Consumers are most certainly capable of recognising descriptive and non-traditional signs as an identifier of commercial source. The incorrect assumptions of the CJEU concerning consumer perception factually rely on normative objectives.

It was argued that the CJEU chose to approach descriptive and non-traditional signs differently not because consumers are not used to interpreting such signs as identifiers of commercial source, but because the CJEU really wanted to keep these signs in the public domain due to a public interest in not unduly restricting the availability of these signs for competitors on the market.

However, this chapter discussed that these attempts by the CJEU to keep certain signs free from trademark protection might have encouraged trademark owners to monopolise signs and could paradoxically be held responsible for creating dysfunctional incentives. Whereas the CJEU may have trusted that the threshold for acquiring distinctiveness through use in trade was high enough to have a deterring effect on competitors, it may well have been that this possibility of acquiring distinctiveness through use in trade made it attractive for traders to invest in these particular signs, particularly if a growing number of traders successfully connected in the consumers' minds a descriptive sign, specific shape or colour with their business as the origin of goods or services.

The reward for these marketing efforts would be great: traders could acquire exclusive rights to a sign that reflected a positive feature of a good and thereby obtain an unfair economic benefit because consumers would quickly learn what the trademark represented, and the availability of these signs for competitors on the market would not be unrestricted. Therefore, this chapter concluded that the distinctiveness requirement could be seen as

unpredictable and risky. Trademark proprietors may be able to influence these signs acquiring distinctiveness and invest as much as necessary until they acquire control over their preferred sign.

This chapter argued that we should consider possible ways of limiting the leeway that trademark owners currently have for misappropriating descriptive, cultural and non-traditional signs, and reconsider whether we really want these signs to acquire distinctiveness through use in trade. An outright exclusion of cultural signs without high symbolic value, descriptive signs and abstract colours that could no longer be overcome through acquiring distinctiveness through use in trade would in any event ensure the preservation of these signs.

Chapter 4 pointed out the necessity of including policy concerns, in particular the need to keep signs available for competitors, when assessing likelihood of confusion. It may sound empirically plausible to safeguard consumers against confusion, but this study illustrated that in fact the likelihood-of-confusion provision rests on normative considerations. The CJEU's ruling that consumers are more likely to be confused when confronted with signs that are similar to a highly distinctive trademark was considered to be incorrect from an empirical perspective. Actually, the opposite is true: the more distinctive the trademark, the less likely consumers are to be confused when confronted with a similar sign.

The analysis showed that trademark owners' marketing efforts are remunerated under current trademark infringement standards: the more they invest in a given sign, the more protection they obtain. Meanwhile, competitors' interests may be neglected because of the CJEU's *Adidas/Marca* ruling. This is potentially troublesome with regard to appealing signs such as stripe motifs. These signs can function not only as a badge of origin, but also attract consumers' attention and thus offer trademark owners an advantage over their competitors. If Adidas is exclusively entitled to use stripe motifs on sports and leisure garments, competitors may be disadvantaged for a potentially infinite period of time. It was further argued that trademark proprietors should be stimulated to invest in the quality and attractiveness of their products instead of being rewarded with competitive advantages from the sign as such.

Another point of discussion was that exclusive rights to appealing design items can also restrain innovation and encourage standardisation. Competitors might stop using any stripes on sports and leisure clothing because of risky trademark proceedings. As long as non-distinctive signs are allowed to acquire distinctiveness through use in trade, trademark owners will invest in appealing signs that give them a competitive advantage. An investment-based approach further facilitates this process. Moreover, it was concluded that if national courts do not proactively refer to the need to keep signs freely available in their infringement assessment, the trademark system may ultimately turn into a self-servicing mechanism for the brand industry. In such a marketplace, newcomers will have fewer chances.

This study illustrated that indeed, since the *Adidas/Marca* ruling, several courts seem to have followed an investment-based direction. Therefore, the importance of recalibrating the confusion analysis was pointed out. In order to provide sufficient room for the concerns of trademark owners and competitors (and ultimately also consumers), it is essential to apply normative corrections not only in favour of trademark owners but also in favour of competitors. In this light, the chapter concluded that the *Adidas/Marca* case must be revisited and the need to keep free must be recognised as an additional factor in the confusion analysis.

Chapter 5 confirmed that the EU trademark system stimulates and rewards trademark proprietors in many ways when it comes to the likelihood-of-confusion assessment. Chapter 4 focused solely on case law related to three-stripe motifs. However, the same problem has arisen with regard to other signs. In this study, two features of the trademark system were argued to be particularly troublesome. First, trademark owners could strengthen the distinctive character of their marks by investing in marketing and branding campaigns. Second, trademark owners could afford expensive surveys demonstrating the high distinctiveness of their marks and strengthening their position in an infringement case.

A study of 189 Dutch cases revealed that in the likelihood-of-confusion assessment, the degree of a mark's distinctiveness and corresponding empirical findings could have a deep impact. This empirical study pointed out that trademark owners win more often than they lose. Besides, the more trademark proprietors invest in their trademark the more likely they are to win. In addition, when courts applied the CJEU rule stipulating that consumers were more easily confused when confronted with a highly distinctive trademark, trademark owners also won most cases. Furthermore, judges were more willing to assess signs as similar if a trademark was highly distinctive. Finally, consumer surveys further enhanced trademark claims.

This research study also revealed, however, that descriptive, cultural and non-traditional signs were not often disputed. In practice, the risk of these signs being misappropriated may therefore be limited. Granting broad protection to fantasy marks and other fanciful mark forms did not seem inconsistent in view of the rationales underlying trademark law. Furthermore, in some cases both parties had sufficient financial means to afford the often expensive surveys. Besides, judges did not always provide broader protection when a trademark was very well known. When necessary, judges simply said that the signs were not similar.

This is not to say that there is no risk involved in granting overbroad protection against confusion with regard to descriptive, cultural or non-traditional signs. The study of Dutch case law showed that in some cases trademark owners were successful in achieving an enhanced scope of protection with regard to descriptive, cultural and non-traditional signs. In particular, figurative marks could be risky. Not only do they enable trademark owners to circumvent normative restrictions when registering a figurative mark, but given the CJEU ruling in *Adidas/Marca*, judges are also not permitted to make normative corrections towards third-party interests based on the need to keep signs freely available on the market. As a result, trademark owners with deep pockets may achieve a lot in infringement cases. This can further lead to an unbalanced market situation with, on the one hand, trademark owners enjoying broad trademark rights and competitive advantages from the sign as such, and on the other hand, third parties being excluded from using these appealing signs and being forced to use less effective trademarks because these signs are not available in sufficient supply.

As long as the CJEU refuses to consider the need to keep signs freely available to competitors on the market as a relevant factor in the likelihood-of-confusion assessment, trademark owners may decide to invest heavily – and sometimes be rewarded with an enhanced scope of protection. This chapter therefore argued that if we want to further minimise the risk of descriptive, cultural and non-traditional signs no longer being freely

available to competitors on the market, we must recalibrate the confusion analysis and allow courts to make normative corrections in favour of third parties' freedom of expression and freedom of competition. This would make judges better equipped to weigh trademark owners' interests against the interests of competitors and the general consuming public.

Hence, this chapter recommended that judges should permit unauthorised use of trademarks even if doing so might lead to likelihood of confusion among consumers. Therefore, national courts should have more room to make normative corrections in favour of freedom-of-competition interests. This would allow judges to prevent trademark owners from achieving unjustified economic advantages arising from these signs.

Chapter 6 considered how the honest practices proviso should be interpreted when assessing trademark limitations. Looking at the Commission's proposal for a reform of trademark law and the CJEU case law on which this proposal was based, one might think that the honest practices proviso should be interpreted strictly.

According to this proposal the use of a sign conflicting with a trademark would not comply with honest practices if it gave the impression of a commercial connection between the sign and the mark, or if it took unfair advantage of, or was detrimental to, the distinctive character or reputation of the trademark without due cause. This proposal was highly criticised for being inappropriate and possibly risky. It suggested an almost literal repetition of the infringement criteria, thereby resulting in a circular line of reasoning and making the trademark limitations factually meaningless.

This chapter analysed whether there was sufficient room for interpreting the concept of honest business practices under CJEU case law more broadly. To lay the groundwork for the discussion, the chapter explored Art. 10*bis* PC since it is in this provision that the expression 'honest practices in industrial and commercial matters' originates. Traditionally, this concept of honest practices has been interpreted according to ethical standards with respect to behavioural norms of fairness in a given circle of traders.

This normative approach could however be criticised for being imprecise since the determination of appropriate behavioural norms could be highly influenced by the customs and habits of a given trade circle. Defining honest business practices by referring to how honest traders actually compete may lead to a certain degree of circularity since trade circles factually determine the guidelines for honest practices by which a competitor's conduct is assessed.

Therefore, more recently, the concept of honest practices has been interpreted in light of the goal of safeguarding the efficient operation of competition as a main instrument of market economies. An empirical approach lending weight to consumer perception could re-establish ethical standards, such as personal responsibility for market actions concerning the interests of other market participants, and respect for the equality of rights in the marketplace.

It was stated that the honest business proviso should be interpreted more empirically and CJEU case law offers sufficient room for interpreting the honest practices standard in this way. The honest practices proviso should concentrate on the efforts made by the competitor and whether these efforts lead consumers to perceive the potentially infringing sign in a different way. If a third party takes reasonable steps to reduce potential harm to the trademark owner but some confusion still occurs or unfair advantage is taken, the use of the trademark

should be permitted to provide breathing space to market values such as furthering competition and improving consumer choice.

This conduct-based approach would safeguard not only the legitimate interests of the trademark owner but also those of third parties. In this way, trademark owners could no longer prohibit honest use of a trademark if a competitor took reasonable efforts to reduce harm, while third parties are forced to take trademark owners' interests in consideration if they want trademark limitations to apply.

7.2 Recommendations

A correct combination of empirical findings and normative corrections is necessary to ensure not only that trademark owners are protected, but also that other core values are preserved, such as safeguarding freedom of competition and (commercial) freedom of expression. At all levels of trademark development and trademark protection, trademark owners' interests must be weighed against the interests of competitors and the general public.

There are a number of legal tools to keep the EU trademark law system balanced. In the first phase, when a decision on the *registration* as a trademark must be taken, several grounds for refusal allow the categorical exclusion of signs from registration and protection irrespective of whether a likelihood of confusion exists among consumers (strict normative approach). Use of the sign by other traders and the general public remains entirely free if no trademark rights are granted. This approach implies that in cases where signs are indeed distinctive, consumers might be confused. Irrespective of how much trademark owners have invested in a trademark, the sign will not be registered.

On the other end of the spectrum is the option to rely on a low threshold of distinctiveness that can easily be overcome with some marketing efforts (relaxed empirical approach). This option has the advantage of following the demands of the actual market situation. If consumers perceive a sign as a trademark, the sign functions as a badge of origin and can therefore be protected under this approach. The registration of signs is left to the efforts of trademark owners to invest in teaching consumers to perceive a sign as a badge of origin.

In the second phase, when assessing *infringement* cases, courts could merely base their decision on empirical findings, such as consumer studies. In this scenario, consumers would be strongly protected against confusion. This interest of preventing consumer confusion does not however have to be in line with trademark owners' interests in protecting their investments in the creation of a desired brand image. Brand owners with highly distinctive trademarks will probably have less success in anti-confusion cases if judges assess the likelihood-of-confusion test empirically. Given the highly distinctive character of the mark, consumers will easily identify deviations and hardly ever confuse the well-known mark with similar signs. If, by contrast, judges follow an approach based on rules of experience stating that known marks, by definition, must have a broader scope of protection, the highly distinctive character of the mark at issue suddenly becomes a factor weighing in favour of a finding of confusion.

On the other end of the spectrum, courts could opt for making normative corrections and refusing the infringement claim even though some confusion might exist. If courts

embrace this option, third parties' interests in freedom of competition and the enhancement of consumer choice would be better safeguarded, but some consumers might be confused.

In the third phase, when assessing trademark *exceptions*, courts could interpret the concept of honest practices more normatively, i.e. according to ethical standards with respect to behavioural norms of fairness in a given circle. When judges assess the case according to ethical norms, they mainly safeguard the investments of the trademark owner. If some confusion exists or harm is done to the trademark owner, this behaviour cannot be seen as fair. This would reduce the possibility for traders to offer alternative products on the market. It would also impact consumer choice and the interests of the general public to freely criticise and comment on reputable trademarks.

On the other hand, if courts interpret the concept of honest practices more empirically and concentrate on the efforts made by the competitor to reduce potential harm to the trademark owner, and the effects thereof on consumer perception, this could further competition and improve consumer choice, although some consumers might be confused.

The best option is therefore to apply the right amalgam of empirical findings and normative corrections. If the perception of consumers is approached too normatively, trademark law fails to properly reflect market reality and prevent consumer confusion. On the other hand, if we approach consumer perception too empirically, trademark owners can teach consumers to perceive almost any sign as a trademark and subsequently ask for protection. EU trademark law would then be nothing more than a self-servicing mechanism for the industry since the investments made by trademark proprietors would define the scope of protection. Opting for one of these two ends of the spectrum could generate unwelcome results and should be avoided.

To fulfil the twofold objective of trademark law, i.e. balancing the interests of trademark owners in preventing consumer confusion against safeguarding the interests of competitors and the interests of the general public in keeping signs freely available, we need to find a combination of legal tools that satisfies both objectives. Three possible scenarios emerge.

First, we could opt for a trademark law system that provides strong exclusions from registration and protection that cannot be overcome through the possibility of acquiring distinctiveness through use in trade ('upfront access control'). For instance, signs could be refused on the grounds that they are against morality or public order, or that they cannot be represented in a clear and precise way. Other exclusion grounds could be that the sign consists of functional elements and therefore protects the product itself instead of functioning as a source identifier attached to the product. These refusal grounds cannot be overcome through use in trade. A high threshold of acquired distinctiveness could also prevent the registration of non-distinctive, descriptive and generic signs, for example with proof of extensive prior use, but would not be as strict as an absolute refusal ground.

In this scenario, the registration phase would function as a strict gatekeeper that effectively prevents the monopolisation of signs that should remain freely available to other traders and the general public. The emphasis lies on normative corrections, although there is still room for empirical findings. Signs that are not particularly burdensome for other traders can be registered without proof of extensive prior use.

The infringement question could then be based strongly on empirical findings, such as consumer studies seeking to demonstrate the existence of a likelihood of confusion or the reputation of the trademark, or turnover figures, sales numbers, market shares, advertising-expenditure, or other empirical data, although some room for normative corrections remains. The trademark limitations could also be interpreted in light of empirical findings, considering in particular the efforts of traders to minimise possible harm and the effect thereof on consumer perception.

Second, it is possible to develop a trademark system with hardly any preservation mechanisms in the registration phase, such that almost any sign could be registered if it acquires distinctiveness. Trademark owners could freely pick any sign from the public domain. In this scenario, non-distinctive, descriptive and generic signs such as shapes, colours and cultural signs could be easily registered after some efforts on the part of the trademark owner in educating consumers to perceive these signs as a source identifier for a certain product. In this scenario the registration of signs is left to the willingness of trademark owners to invest in a particular trademark and the ability of consumers to recognise signs as a trademark. Since consumers are quite able to perceive any sign as a source identifier, particularly when they are used on the packaging where they expect trademarks to be found, trademark owners will not experience many difficulties in registering the desired trademark.

In this scenario, courts should make strong normative corrections in favour of freedom-of-competition arguments when assessing infringement questions to neutralise the consequences of this flexible registration process ('intermediate check'). Even if trademark owners can for instance register an attractive loudspeaker shape or a triple-headed rotary shaver, normative corrections could still ensure that competitors are free to use similar shapes because of the common need to keep functional product elements freely available on the market. Trademark limitations could play an additional role since most of the normative corrections would already be made in the infringement procedure.

This option can however lead to more legal uncertainties because traders cannot rely on the trademark register. They have to risk an infringement procedure if they wish to use similar trademarks. Traders with fewer financial resources will probably not want to take the risk of a legal proceeding but the costs for designing an alternative shape are also high, such that some traders might be disadvantaged. Trademark owners might also not be certain whether the investments they make to educate consumers to recognise the trademark as a badge of origin are worthwhile, since there is a chance that courts will reject their infringement claim because of interests based on the need to keep free, although the trademark limitations could already indicate which trademark use cannot in principle be prevented.

Third, we could opt for a trademark system with the same flexible registration procedure as in the second option, but with a more empirical approach to assessing infringement questions. Empirical data such as consumer studies would greatly influence the decision regarding the existence of any trademark harm. In this scenario, trademark limitations must offer sufficient room for commercial and other freedom of expression to counterbalance the strong position that trademark owners have acquired in previous phases ('ex-post control'). This could be done by interpreting the honest practices proviso more empirically. Courts could concentrate on traders' efforts to reduce any possible trademark

harm and the effect thereof on consumer perception. Nevertheless, the problem remains that traders may not want to risk a legal procedure, and decide not to use certain signs at all even if some trademark limitations applied. Furthermore, consumers might be more easily directly or indirectly confused if trademark owners train them to perceive any sign as a badge of origin. As the scope of trademark protection grows, consumers also increasingly expect trademark owners to have broad control over their trademarks. Traders may have to make more efforts to minimise potential trademark harm than in a system where some signs are excluded from protection from the start, such that the scope of protection might be greater.

In all three scenarios the different interests are aptly balanced; each scenario includes both empirical findings and normative corrections. Nevertheless, the different combination of empirical findings and normative corrections generates different outcomes. From the perspective of a trademark owner, the third option is most attractive because the scope of protection is greatest when an empirical approach is taken in both the registration phase and the infringement procedure. Trademark owners are given the option to invest in educating consumers to perceive any sign as a source identifier and to be granted trademark protection when they succeed. From the perspective of competitors, the first option is optimal. In this scenario, appealing signs that give the trademark owner advantages from the sign as such cannot be monopolised and remain freely available to other traders on the market. When applying a high threshold of distinctiveness, signs can only be monopolised after extensive marketing campaigns. Normative corrections can still be made when it comes to an infringement procedure. As the trademark owner is the one who starts a legal procedure, it makes sense to leave the risks to the trademark owner.

Arguably, the EU trademark law system comes relatively close to the first option. Admittedly, EU trademark law accepts several non-traditional signs as trademarks, such as shapes, abstract colours, colour combinations, sounds, position marks, taste marks, etcetera,⁷⁹⁰ with the exception of smell signs, which cannot be registered yet.⁷⁹¹ Nevertheless, the requirement of distinctiveness appears to be a significant threshold for trademark owners that cannot easily be overcome. The CJEU has ruled that consumers are not in the habit of making assumptions about the origin of goods or services when non-traditional source identifiers are attached, such as shapes and abstract colours. With this assumption the CJEU in fact requires trademark applicants to demonstrate distinctiveness through use in trade before registering a non-traditional trademark. Providing evidence of acquired distinctiveness through use in trade could be especially difficult with regard to EU trademarks. Evidence of acquired distinctiveness through use in trade is necessary with regard to each individual EU Member

⁷⁹⁰ Following the EU trademark law reform of 2015, the requirement of graphical representation has been erased and exchanged for a new standard stating that trademarks must be capable of being represented in a manner that enables the competent authorities and the public to establish ‘the clear and precise subject matter of the protection afforded to its proprietor.’ (Art. 4(b) EUTMR; Art. 3(b) TMD 2015). Trademark applicants are permitted to represent the mark in any suitable form using any technologies available, on condition that the representation is ‘clear, precise, self-contained, easily accessible, intelligible, durable and objective.’ (CJEU, judgment of 12 December 2002, case C-273/00, ECLI:EU:C:2002:748 (*Sieckmann*), para 55).

⁷⁹¹ In the *Sieckmann* case, the CJEU ruled that neither a chemical formula nor a description or smell specimen or a combination thereof meet the registration requirements. (CJEU, judgment of 12 December 2002, case C-273/00, ECLI:EU:C:2002:748 (*Sieckmann*), para 73).

State, which is a high threshold to overcome.⁷⁹² Furthermore, the EU functionality doctrine, applying to shapes but also to other product characteristics since the reform of the EU trademark system, has made it even more difficult for trademark applicants to register shapes and product characteristics. If trademark applicants stress that the shape or another product characteristic for which they seek trademark protection departs significantly from the norm or customs in the relevant sector, there is a chance that registration will be rejected because of a finding of aesthetic functionality.

Although the CJEU has developed a high threshold in order to keep non-traditional marks in the public domain, obtaining trademark rights for non-traditional marks is not impossible. For instance, moderate product design might not fall under the refusal grounds and trademark owners are still allowed to register functional elements if these are not entirely prescribed by technical norms. The CJEU's assumption that consumers are not in the habit of perceiving non-traditional signs as a source identifier becomes unreliable as soon as consumers no longer search for traditional source identifiers, such as wordmarks and logos, and do not experience particular difficulties in understanding non-traditional signs as trademarks. Furthermore, the CJEU leaves the possibility of obtaining exclusive rights on non-traditional signs to marketing specialists keen to educate consumers to perceive shapes and colours as a trademark. This makes the threshold of distinctiveness risky and unpredictable and may in fact encourage trademark owners to invest in non-traditional signs.

It is therefore advisable to refrain from relying too much on empirical findings with regard to shapes and colours per se demonstrating the capacity of consumers to perceive these signs as source identifier. The same applies to descriptive and cultural signs which can also be registered if they have acquired distinctiveness through use in trade. In any case, we should avoid empirical evidence concerning consumer perception degenerating into a protection automatism that directly grants trademark owners exclusive rights on these signs without considering normative purposes. Otherwise, the EU trademark system may shift from the first scenario outlined above to the second or third scenario – with additional risks for inroads into freedom of competition and freedom of (commercial) expression. Outright exclusion of cultural signs without high symbolic value, descriptive signs, shapes and abstract colours that cannot be overcome through acquiring distinctiveness through use in trade would in any event ensure the preservation of these signs.

In compliance with the first scenario, the EU trademark law system also takes an empirical approach with regard to the infringement assessment. Empirical data are important to the decision, although courts are not obliged to follow the outcomes of consumer studies. In contrast to the first scenario, however, judges are not permitted to make normative corrections towards third-party interests based on the need to keep free since the infringement assessment must be based solely on consumer perception. Nevertheless, the CJEU's ruling that consumers are more likely to be confused when confronted with signs that are similar to a highly distinctive trademark is incorrect, and is in fact a normative correction in favour of trademark owners' investments. This incorrect mix of normative considerations and empirical findings may lead to dysfunctional impulses.

⁷⁹² CJEU, judgment of 25 July 2018, joined cases C-84/17 P, C-85/17 P and C-95/17 P, ECLI:EU:C:2018:596 (*Nestlé/Mondelez (KitKat)*), paras 67-68, 76.

To minimise these risks, it is essential to apply normative corrections not only in favour of trademark owners but also in favour of competitors. The need to keep free must be recognised as an additional factor in the confusion analysis. Overreliance on empirical evidence must be avoided. Signs that actually need to remain in the public domain but nevertheless slip through the net can be kept free to some extent by also applying normative corrections in favour of third parties' interests in the context of the infringement analysis.⁷⁹³ For instance, if trademark owners add a new element, such as a decorative or imaginative element that is not inherent to the generic function of the goods but nevertheless plays an essential role, functional elements can still be validly registered and need to be kept free at the infringement stage.⁷⁹⁴

Deviating from the first scenario outlined above, the CJEU simply repeats assessment criteria that have already been used to establish *prima facie* infringement when assessing defence arguments and compliance with honest practices. It is advisable to take a more empirical approach when assessing compliance with the requirement of honest practices in cases where limitations of trademark rights are invoked. If the defendant takes measures to minimise possible harm to the trademark owner but some confusion still exists or unfair advantage is still taken, the use of the conflicting sign can nonetheless be allowed as long as the detriment caused to the trademark is outweighed by overarching benefits for society, such as enhanced freedom of competition and freedom of (commercial) expression, and enhanced consumer information and consumer choice.

This conduct-based approach ensures that not only the legitimate interests of the trademark owner but also those of third parties are taken into account. Trademark owners cannot prevent unauthorised use of the trademark if the defendant has made sufficient efforts to minimise harm and the defendant's use contributes to the achievement of the aforementioned overarching societal values. At the same time, competitors must respect the

⁷⁹³ If the CJEU revises the *Adidas/Marca* case, national courts could explicitly refer to the need to keep signs freely available with regard to non-distinctive, descriptive and generic signs such as shapes, colours and cultural signs. They could argue that although for instance the colours of the packaging or the logo are similar to the trademark, there is nevertheless no likelihood of confusion because of the general interest of colours being kept freely available to competitors on the market. However, national courts could also do this more implicitly. For example, in the *Adidas/H&M* case, the Court of Appeal of The Hague ruled that there was no likelihood of confusion because the similarity between the signs was very limited. The gaps between the two stripes were different and therefore also the global impression of the stripes. The consumer studies were also not decisive and yielded unreliable results. Besides interpreting the facts differently (emphasising the gaps between the stripes instead of focusing on the stripes themselves and the global impression thereof), the judge used rules of experience about the perception of the consumer. According to the court, the consumer would be used to stripes on clothing, and a stripe itself or the random combination of two stripes are so simple and trivial that they do not have any distinctive character (Court of Appeal of The Hague, judgment of January 28, 2020, ECLI:NL:GHDHA:2020:72 (*H&M/Adidas*)). The same should apply to cases concerning a descriptive sign that has not acquired distinctiveness through use in trade. Even though in the *Hansson* case, the CJEU rejected the principle that a likelihood of confusion could not be established if the allegedly infringing sign coincided in elements that were descriptive or non-distinctive, national courts could simply argue that the signs were not similar and therefore no likelihood of confusion existed (CJEU, judgment of June 12, 2019, case C-705/17, ECLI:EU:C:2019:481).

⁷⁹⁴ CJEU, judgment of 18 September 2014, case C-205/13, ECLI:EU:C:2014:2233 (*Stokke/Hauk*), para 22. See also: CJEU, judgment of 14 September 2010, case C-48/09 P, ECLI:EU:C:2010:516 (*Lego Juris/BHIM*), paras 68-70.

interests of the trademark owner to the largest extent possible and take appropriate and available measures to avoid harm, if they want trademark limitations to apply.

In sum, the foregoing study thus shows the current tension in EU trademark law between a normative and an empirical approach to consumer perception. Admittedly, the EU trademark law system provides several legal tools to keep the system balanced. However, this study also illustrates that some legal instruments may not be applied in a sufficiently effective way. Indeed, the trademark system might give trademark owners dysfunctional incentives to invest in signs that should remain freely available to other traders on the market or the public in general. Particularly, the distinctiveness requirement is unpredictable and risky since trademark owners can influence whether signs acquire distinctiveness and invest as needed until they acquire control of their preferred sign. To minimise the risk of encouraging traders to invest in signs that need to be kept free, such as non-distinctive, descriptive and generic signs, and to offer breathing space to other traders to use similar signs, it is strongly advised to allow courts to make normative corrections when assessing infringement questions. In this way, courts can still discourage undesirable trademark acquisition strategies by demonstrating that, even if a trademark registration can be obtained, the scope of protection will remain very limited. In the end, large investments in consumer education may thus fail to “pay off”. There is even more reason for this approach since courts already provide normative corrections in favour of trademark owners when confusion in respect of highly distinctive marks is at issue. Finally, a more empirical approach to assessing honest practices would further enhance freedom of competition and freedom of (commercial) expression, and enhanced consumer information and consumer choice. Allowing for normative corrections on both sides of the spectrum and at all levels would prevent the circularity that seems to be inherently linked to the EU trademark system. Following these guidelines, signs cannot be automatically registered based only on empirical findings, and they cannot by definition achieve more protection the more is invested in them.

Samenvatting

De perceptie van de consument speelt een centrale rol in het EU-merkenrecht. Vanwege de nauwe verbondenheid met het basiscriterium van het onderscheidend vermogen, is de perceptie van de consument niet alleen van belang voor de beslissing of een merkenrecht wordt verleend, maar heeft het ook een grote impact op de inbreukanalyse. Daarom is het uitermate van belang om zicht te krijgen op de vraag welke beoordeling van de perceptie van de consument de juiste is: in hoeverre zou een normatieve of een empirische benadering van de perceptie van de consument gevolgd moeten worden om een eerlijke mededinging, de bescherming van de consument en een goed functionerende markt te verzekeren?

Om een goede basis te kunnen leggen voor de bespreking van deze onderzoeksvraag, is het nodig de theoretische grondslagen van het merkenrechtstelsel in kaart te brengen (hoofdstuk 2). Door de doelstellingen die ten grondslag liggen aan het merkenrecht nader te bestuderen, is het mogelijk om argumenten te distilleren die ervoor pleiten de perceptie van de consument centraal te stellen bij de beoordeling van merkregistraties en inbreuken in het EU-merkenrecht. De analyse zal bovendien de spanning die er is tussen een normatieve en empirische benadering ten aanzien van de perceptie van de consument aan de orde stellen.

In het licht van deze theoretische achtergrond bespreken hoofdstukken 3 tot en met 6 de impact die een normatieve of empirische analyse van de perceptie van de consument heeft op beslissingen over de inschrijving van een merk en de vaststelling van inbreuk. Deze hoofdstukken onderzoeken of het huidige EU-merkenrecht ten aanzien van de verkrijging (hoofdstuk 3) en de beschermingsomvang (hoofdstukken 4-6) hoofdzakelijk is gebaseerd op normatieve overwegingen of empirische bevindingen en of dit problematisch is in het licht van de overkoepelende doelstellingen van het EU-merkenrecht.

De resultaten uit dit onderzoek worden gebruikt als uitgangspunt om tot nieuwe oplossingen te komen die bijdragen aan het voorkomen van dysfunctionele impulsen en een juiste balans verzekeren tussen merkenrechten en de belangen van consumenten, concurrenten en de gemeenschap als geheel. In het laatste hoofdstuk zullen een aantal aanbevelingen worden gedaan omtrent de juiste combinatie van empirische en normatieve benaderingen ten aanzien van merkinschrijvingen en inbreukzaken.

In **hoofdstuk 2** worden de grondslagen van het merkenrecht besproken. De primaire functie van het merkenrecht is het verzekeren van markttransparantie. In een transparante markt waarin onderscheidende tekens uitsluitend zijn verbonden aan producten van een bepaalde herkomst, kunnen handelaren gemakkelijk hun producten van elkaar onderscheiden en kunnen consumenten snel een keuze maken tussen de aangeboden producten en hun voorkeur uiten door het gewenste product aan te schaffen. Dit verzekert ook dat de juiste producten worden geproduceerd en verkocht op de markt.

De herkomstfunctie is gerelateerd aan het verminderen van de zoekkosten van de consument. Door herkomstaanduidingen te beschermen voorkomt het merkenrecht dat consumenten in verwarring raken. Daarnaast draagt het bij aan een handelsklimaat waarin consumenten kunnen vertrouwen op herkomstaanduidingen. De zekerheid dat de informatie over de herkomst van het product correct is, zorgt ervoor dat de zoekkosten van consumenten

worden verminderd. Deze kunnen worden opgevat als de kosten die nodig zijn om informatie over een product te verkrijgen of onzekerheden weg te nemen.

De sterke nadruk op de perceptie van de consument en de daarbij behorende zoekkostenfunctie zou echter kunnen hebben bijgedragen aan de uitbreiding van merkenrechten. Het huidige merkenrecht hangt sterk af van de perceptie van de consument. Met behulp van marketeers gespecialiseerd in het beïnvloeden van de waarneming van de consument, hebben merkhouders stelselmatig de merkenrechten weten uit te breiden. Een empirische benadering ten aanzien van de perceptie van de consument heeft dit proces mogelijk verder versterkt.

Dit hoofdstuk gaat daarnaast in op de argumenten die worden gevoerd om andere merkfuncties zoals goodwill te beschermen. Het verstrekken van extra bescherming die verder gaat dan de herkomstfunctie is echter moeilijk te rechtvaardigen. Maar tegelijkertijd is het ook niet mogelijk om simpelweg juridische bescherming te ontzeggen, aangezien de economische realiteit zo is dat de perceptie van de consument een centraal onderdeel vormt van de bescherming van het merk. In plaats van aanvullende bescherming van het merk af te wijzen, zou het beter zijn om ruimte te maken voor andere waarden, zoals de (commerciële) vrijheid van meningsuiting en onvervalste mededinging.

In **hoofdstuk 3** wordt beargumenteerd dat een zwaardere normatieve toets noodzakelijk is. De hervormingen in het EU-merkenrecht en de uitbreiding van de vormuitsluitingsgronden door het Hof van Justitie EU (HvJ EU) zijn weliswaar toe te juichen, maar zijn niet voldoende. Gelet op de positie die suggestieve, arbitraire en fantasiemerken innemen, is het noodzakelijk om een sterkere normatieve benadering te volgen ten aanzien van beschrijvende, culturele, generieke en niet-onderscheidende tekens.

Hoofdstuk 3 toont aan dat de beweringen van het HvJ EU met betrekking tot de perceptie van merken niet stroken met wat we weten uit wetenschappelijk onderzoek over hoe consumenten daadwerkelijk waarnemen. Consumenten zijn wel degelijk in staat om beschrijvende en niet-traditionele tekens als herkomstaanduiders op te vatten. De onjuiste aannames van het HvJ EU over de perceptie van de consument berusten daarom eigenlijk op normatieve overwegingen.

Het HvJ EU kiest er niet voor om beschrijvende en niet-traditionele tekens anders te benaderen, omdat consumenten niet gewend zouden zijn om deze als herkomstaanduiders op te vatten, maar omdat het HvJ EU eigenlijk wil dat deze tekens in het publieke domein blijven vanwege het algemene belang dat er is in het niet onnodig beperken van de beschikbaarheid van deze tekens voor concurrenten op de markt.

De pogingen van het HvJ EU om bepaalde tekens vrij te houden van merkenrechten kunnen echter merkhouders aansporen om deze tekens te monopoliseren en opmerkelijk genoeg juist dysfunctionele impulsen creëren. Terwijl het HvJ EU misschien denkt dat de inburgeringstoets hoog genoeg is om merkhouders af te schrikken, zou het goed kunnen dat het toch aantrekkelijk is voor merkhouders om juist in deze tekens te investeren, met name als steeds meer merkhouders succes hebben in het onderwijzen van consumenten in het opvatten van een beschrijvend teken, specifieke vorm of kleur met hun onderneming als herkomstaanduiders.

De beloning voor deze marketinginspanningen is groot: merkhouders kunnen exclusieve rechten op een teken verkrijgen die positieve productkenmerken weergeeft en zo een oneerlijk economisch voordeel verwerven, omdat consumenten snel weten waar het merk voor staat en de beschikbaarheid van deze tekens voor concurrenten niet onbepikt is. De conclusie is daarom dat het vereiste van onderscheidend vermogen onvoorspelbaar en risicovol is. Merkhouders kunnen beïnvloeden of de tekens onderscheidend vermogen verwerven en zoveel als nodig investeren totdat zij de zeggenschap hebben verkregen over het gewenste teken.

In dit hoofdstuk wordt geadviseerd de mogelijkheden die merkhouders momenteel hebben om beschrijvende, culturele en niet-traditionele tekens toe te eigenen in te perken en te heroverwegen of het eigenlijk wel wenselijk is dat deze tekens kunnen inburgeren. Een absolute uitsluitingsgrond voor culturele tekens zonder hoge symbolische waarde, beschrijvende tekens en abstracte kleuren die niet opzij gezet kan worden door inburgering, zou in ieder geval het behoud van deze tekens verzekeren.

In **hoofdstuk 4** wordt geconcludeerd dat het van cruciaal belang is om bij de beoordeling van verwarringsgevaar normatieve correcties toe te passen in het licht van de vrijhoudingsbehoefte. Het klinkt vanuit empirisch oogpunt misschien overtuigend om consumenten te beschermen tegen verwarring, dit onderzoek echter toont aan dat de verwarringsvraag in werkelijkheid berust op normatieve overwegingen. De regel van het HvJ EU dat consumenten eerder in verwarring zullen zijn wanneer zij geconfronteerd worden met een teken dat overeenstemt met een bekend merk, is onjuist. Het tegendeel is eerder correct: hoe bekender het merk, hoe minder waarschijnlijk het is dat consumenten in verwarring zullen raken wanneer zij geconfronteerd worden met een overeenstemmend teken.

De consequentie is echter dat marketinginspanningen worden beloond: hoe groter de investeringen in een bepaald teken, hoe meer bescherming merkhouders verkrijgen voor een bepaald teken. Tegelijkertijd worden de belangen van concurrenten vanwege de *Adidas/Marca* regel mogelijk buiten spel gezet. Dit is met name problematisch ten aanzien van attractieve tekens zoals streepmotieven. Deze tekens fungeren niet alleen als herkomstaanduiders, maar zij trekken ook de aandacht van consumenten en verschaffen merkhouders voordelen ten opzichte van concurrenten. Nu Adidas de enige is die uitsluitend bevoegd is om bepaalde streepmotieven op sport- en vrijetijdskleding te gebruiken, worden concurrenten mogelijk oneindig benadeeld. Merkhouders zouden eerder aangemoedigd moeten worden om te investeren in de kwaliteit en de aantrekkelijkheid van hun producten in plaats van beloond te worden met concurrerende voordelen die voortvloeien uit het teken als zodanig.

Exclusieve rechten op aantrekkelijk design kunnen daarnaast innovatie belemmeren en standaardisatie stimuleren. Concurrenten kunnen er bijvoorbeeld voor kiezen om op sport- en vrijetijdskleding helemaal geen streepmotieven te gebruiken om zo risicovolle merkprocedures te vermijden. Zolang niet-onderscheidende tekens kunnen inburgeren, zullen merkhouders blijven investeren in attractieve tekens die hun concurrerende voordelen opleveren. Het benadrukken van de verrichte investeringen bij de beoordeling van verwarringsgevaar zal dit proces verder faciliteren. Indien rechters bij de beoordeling van de inbreukvraag bovendien niet proactief verwijzen naar de vrijhoudingsbehoefte, zou het

merkenrechtstelsysteem uiteindelijk kunnen gaan fungeren als zelfbedieningsmechanisme voor de industrie. In een dergelijke markt maken nieuwkomers weinig kans.

Dit onderzoek illustreert verder dat sinds de *Adidas/Marca* uitspraak verscheidene rechters deze investeringsbenadering lijken te volgen. De herijking van de verwarringsanalyse wordt daarom bepleit. Om voldoende ruimte aan zowel de belangen van merkhouders als concurrenten (en uiteindelijk ook consumenten) te bieden, is het noodzakelijk om normatieve correcties toe te passen die niet alleen ten voordele zijn van merkhouders maar ook van concurrenten. Tegen deze achtergrond concludeert dit hoofdstuk dat de *Adidas/Marca* zaak moet worden herzien en de vrijhoudingsbehoefte moeten worden erkend als relevante factor in de beoordeling van verwarringsgevaar.

Hoofdstuk 5 bevestigt dat het EU-merkenrecht inderdaad merkhouders op verschillende manieren stimuleert tot het verrichten van investeringen en daarvoor belooft bij de beoordeling van verwarringsgevaar. Hoofdstuk 4 richtte zich slechts op uitspraken met betrekking tot driestreepmotieven. Dezelfde problematiek is echter ook van toepassing op andere tekens. In dit onderzoek waren twee kenmerken van het merkenrechtstelsysteem met name problematisch. Ten eerste kunnen merkhouders het onderscheidend vermogen van merken versterken door te investeren in marketing en branding. Ten tweede kunnen merkhouders zich dure marktonderzoeken veroorloven die de bekendheid van hun merk aantonen en hun positie daarmee in een inbreukzaak versterken.

Een onderzoek van 189 Nederlandse uitspraken toont aan dat bij de beoordeling van verwarringsgevaar de mate van het onderscheidend vermogen en marktonderzoeken naar de bekendheid van het merk een grote invloed kunnen hebben. Dit onderzoek geeft weer dat merkhouders vaker winnen dan verliezen. Daarnaast hebben merkhouders naarmate ze meer investeren ook een grotere kans om te winnen. Indien rechters de regel van het HvJEU inhoudende dat consumenten eerder in verwarring zijn wanneer zij geconfronteerd worden met een teken dat overeenstemt met een bekend merk toepassen, winnen merkhouders ook de meeste zaken. Daarnaast zijn rechters meer geneigd om tekens als overeenstemmend te beoordelen als het merk bekend is. Tevens kunnen consumentenonderzoeken de claim van de merkhouder verder versterken.

Dit onderzoek toont echter ook aan dat beschrijvende, culturele en niet-traditionele tekens niet vaak ter discussie staan. In de praktijk is het risico dat deze tekens worden toegeëigend daarom mogelijk beperkt. Het verlenen van merkenrechten op fantasienamen en andere fantasierijke aanduidingen lijkt in overeenstemming te zijn met de doelstellingen van het merkenrecht. Bovendien hadden partijen in sommige zaken voldoende financiële middelen om de vaak dure marktonderzoeken te bekostigen. Daarnaast wijzen rechters niet altijd bredere bescherming toe wanneer een merk erg bekend is. Indien nodig kunnen rechters eenvoudigweg concluderen dat de merken niet overeenstemmend zijn.

Dit wil echter niet zeggen dat er geen enkel risico bestaat dat bescherming tegen verwarringsgevaar wordt verleend ten aanzien van beschrijvende, culturele en niet-traditionele tekens. Het onderzoek van Nederlandse uitspraken illustreert dat in sommige zaken merkhouders succes hadden in het verwerven van bescherming ten aanzien van beschrijvende, culturele en niet-traditionele tekens. Beeldmerken vormen met name een risico. Via deze tekens kunnen merkhouders niet alleen normatieve restricties omzeilen bij de

inschrijving van het beeldmerk, maar in het licht van de *Adidas/Marca* zaak is het rechters ook niet toegestaan om normatieve correcties toe te passen ten faveure van de vrijhoudingsbehoefte en de daaruit voortvloeiende belangen van derden. Met als resultaat dat merkhouders met diepe zakken nog vrij ver kunnen komen in inbreukzaken. Dit resulteert mogelijkerwijs in een onevenwichtige markt met aan de ene kant merkhouders die brede merkenrechtbescherming en concurrerende voordelen genieten van het merk als zodanig, en aan de andere kant derden die worden uitgesloten om gebruik te maken van deze gunstige tekens en gedwongen worden om minder effectieve merken te gebruiken, omdat de gewenste tekens niet meer in voldoende mate beschikbaar zijn.

Zolang het HvJ EU de vrijhoudingsbehoefte niet als relevante factor in de beoordeling van verwarringsgevaar erkent, zullen merkhouders fors investeren – en soms beloond worden – met goede beschermingsmogelijkheden. In dit hoofdstuk wordt er daarom ervoor gepleit dat als we willen dat beschrijvende, culturele en niet-traditionele tekens vrijelijk beschikbaar zijn, dan moeten we de verwarringsgevaaranalyse herijken en rechters toestaan normatieve correcties toe te passen in het licht van de vrijheid van meningsuiting en de vrijheid van mededinging. Dit maakt ook dat rechters beter uitgerust zijn om de belangen van merkhouders af te wegen tegen de belangen van concurrenten en het algemene publiek.

Daarom wordt in dit hoofdstuk geconcludeerd dat rechters het gebruik van merken toe moeten kunnen staan zelfs wanneer dit mogelijk verwarringsgevaar oplevert bij consumenten. Nationale rechters zouden meer ruimte moeten hebben om normatieve correcties toe te passen met het oog op de vrijheid van mededinging. Dit zou het rechters ook mogelijk maken om te voorkomen dat merkhouders oneerlijke economische voordelen verwerven die voortvloeien uit de tekens als zodanig.

In **hoofdstuk 6** wordt besproken hoe de bepaling over de eerlijke gebruiken in nijverheid en handel dient te worden geïnterpreteerd bij de beoordeling van de beperkingen in het merkenrecht. Als men kijkt naar het voorstel van de Commissie dat is gedaan ten behoeve van de hervorming van het merkenrecht en mede de rechtspraak van het HvJ EU waarop dit voorstel is gebaseerd in ogenschouw neemt, zou men kunnen denken dat de eerlijk gebruik bepaling strikt moet worden opgevat.

Uit dit voorstel blijkt namelijk dat het gebruik van een inbreukmakend teken niet in overeenstemming is met de eerlijke gebruiken in nijverheid en handel wanneer het zonder geldige reden de indruk wekt dat er een commerciële band is tussen de derde en de merkhouder, of wanneer ongerechtvaardigd voordeel wordt getrokken of afbreuk wordt gedaan aan het onderscheidend vermogen of de reputatie van het merk. Op dit voorstel werd scherpe kritiek geleverd, omdat het ongeschikt en risicovol zou zijn. Het zou neerkomen op een bijna letterlijke herhaling van de inbreukcriteria resulterend in een cirkelredenering en het zinledig maken van de beperkingen. De situatie lijkt echter nauwelijks verbeterd te zijn nu de bepaling omtrent de eerlijke gebruiken in nijverheid en handel niet verder is omschreven en de rechtspraak van het HvJ EU nog steeds leidend is.

Dit hoofdstuk analyseert of er voldoende ruimte is om het begrip eerlijke gebruik in het EU-merkenrecht breder op te vatten. Voor de bespreking daarvan is Art. 10*bis* Verdrag van Parijs onderzocht, omdat dit de bepaling is waar het begrip ‘eerlijke gebruiken in

nijverheid en handel' vandaan komt. Dit begrip wordt van oudsher geïnterpreteerd volgens ethische maatstaven over gedragsnormen van eerlijkheid in een bepaald circuit.

Deze normatieve benadering kan echter worden bekritiseerd vanwege haar onnauwkeurigheid, omdat de gedragsnormen sterk worden beïnvloed door gewoonten en gebruiken die gelden in een bepaald handelscircuit. Een definitie omtrent eerlijke gebruiken in nijverheid en handel is in zekere zin circulair van aard wanneer gekeken wordt naar hoe eerlijke handelaren in werkelijkheid met elkaar concurreren, omdat het handelscircuit dan in feite bepaalt wat de richtlijnen zijn voor eerlijk gebruik en aan de hand daarvan vervolgens het gedrag van concurrenten beoordeelt.

Daarom wordt meer recentelijk het begrip eerlijk gebruik geïnterpreteerd in het licht van het doel de goede werking van markten te waarborgen als belangrijkste element van de markteconomie. Een empirische benadering waarin de nadruk wordt gelegd op de perceptie van de consument, zou tot herintroductie van ethische normen kunnen leiden, zoals persoonlijke verantwoordelijkheid voor handelingen, aandacht voor de belangen van derden en eerbiediging van gelijke rechten.

Bepleit wordt dat de bepaling over eerlijke gebruiken in nijverheid en handel meer empirisch moet worden opgevat. De rechtspraak van het HvJ EU biedt voldoende ruimte om de bepaling ook op deze manier op te vatten. Bij de beoordeling van eerlijk gebruik zou gelet moeten worden op de inspanningen die zijn verricht door de concurrent en daarnaast of deze inspanningen ertoe geleid hebben dat consumenten daardoor het vermeend inbreukmakend teken anders zijn gaan opvatten. Als een derde redelijke stappen heeft genomen om mogelijke schade aan de merkhouder te verminderen, maar enige verwarring blijft toch bestaan of ongerechtvaardigd voordeel is getrokken, zou het gebruik van het merk moeten worden toegestaan om enige ruimte te bieden aan marktwaarden, zoals het bevorderen van de mededinging op de markt en het verbeteren van de keuzevrijheid van de consument.

Deze gedragsbenadering waarborgt niet alleen de gerechtvaardigde belangen van de merkhouder, maar ook die van derden. Op deze manier kunnen merkhouders het eerlijk gebruik van een merk niet verbieden, indien een concurrent redelijke inspanningen heeft verricht om de schade te beperken, terwijl derden de belangen van merkhouders in acht moeten nemen als zij een beroep willen doen op de beperkingen in het merkenrecht.

Aanbevelingen

Een correcte mix van empirische bevindingen en normatieve correcties is noodzakelijk om niet alleen te verzekeren dat merkhouders worden beschermd, maar ook dat andere kernwaarden worden gewaarborgd, zoals de bescherming van de vrijheid van mededinging en de (commerciële) vrijheid van meningsuiting. Op alle niveaus van creatie tot bescherming van het merk moeten de belangen van merkhouders worden afgewogen tegen de belangen van concurrenten en het algemene publiek.

Verscheidene juridische instrumenten staan ter beschikking die het EU-merkenrechtstelsel in balans kunnen houden. In de eerste fase, waarin een beslissing over de *inschrijving* van het merk wordt genomen, zien verschillende weigeringsgronden erop toe dat tekens niet worden geregistreerd en beschermd, ongeacht of er verwarringsgevaar bestaat onder consumenten (strengere normatieve benadering). Zonder de verlening van merkenrechten staat het gebruik van een teken door concurrenten en het algemene publiek volkomen vrij. Deze benadering brengt met zich mee dat in zaken waarin tekens inderdaad onderscheidend vermogen hebben, consumenten mogelijk in verwarring raken. Het teken zal niet worden ingeschreven, ongeacht of en hoeveel merkhouders hebben geïnvesteerd in een merk.

Anderzijds kunnen we ervoor kiezen om te vertrouwen op een lage drempel van het onderscheidend vermogen die gemakkelijk kan worden weggenomen met enige marktinspanningen (soepele empirische benadering). Deze optie heeft als voordeel dat het kan inspelen op de actuele behoeften van de markt. Zodra consumenten een teken als een merk opvatten, fungeert het teken als herkomstaanduiding en kan het onder deze benadering beschermd worden. De inschrijving van een teken hangt af van de mate waarin de merkhouders bereid is te investeren in het onderwijzen van consumenten in het herkennen van tekens als herkomstaanduiding.

In de tweede fase, bij de beoordeling van *inbreukzaken*, zouden rechters ervoor kunnen kiezen hun beslissing louter te baseren op empirische bevindingen, zoals consumentenstudies. Consumenten zouden dan in hoge mate beschermd zijn tegen verwarring. Het belang om consumenten te beschermen tegen verwarring loopt echter niet noodzakelijkerwijs parallel aan de belangen van merkhouders om de investeringen in de creatie van het door hen gewenste merkbeeld te beschermen. Merkhouders van zeer bekende merken zullen waarschijnlijk minder succes hebben in verwarringszaken als rechters de verwarringsvraag empirisch zouden beoordelen. Vanwege het groot onderscheidend vermogen zullen consumenten gemakkelijk verschillen ontdekken en niet snel in verwarring raken bij het zien van een teken dat lijkt op het bekende merk. Als rechters echter een benadering zouden volgen die gebaseerd is op ervaringsregels inhoudende dat bekende merken per definitie een grotere beschermingsomvang zouden moeten hebben, dan wordt de hoge mate van onderscheidend vermogen van een merk opeens een factor die juist bijdraagt aan het vaststellen van verwarringsgevaar.

Aan de andere kant van het spectrum kan het scenario worden geschetst van rechters die normatieve correcties aanbrengen en inbreukclaims afwijzen, zelfs wanneer er sprake is van verwarringsgevaar. In dit scenario zijn de belangen van derden ten aanzien van de

concurrentievrijheid en het vergroten van de keuzevrijheid van consumenten beter gewaarborgd, maar sommige consumenten zijn mogelijk in verwarring.

In de derde fase, bij de beoordeling van de *beperkingen* op het merkenrecht, zouden rechters het begrip ‘eerlijk gebruik’ normatiever kunnen opvatten, dat wil zeggen volgens de ethische standaarden ten aanzien van gedragsnormen van eerlijkheid die gelden in een bepaald handelscircuit. Als rechters een inbreukzaak overeenkomstig ethische normen beoordelen, zullen hoofdzakelijk de investeringen van de merkhouder worden beschermd. Als enige verwarring ontstaat of schade wordt aangericht aan de merkhouder, dan kan dit niet worden aangemerkt als eerlijk. Dit zou de mogelijkheid voor concurrenten om alternatieve producten op de markt aan te bieden inperken. Tevens zou dit een impact hebben op de keuzevrijheid van consumenten en de belangen van het algemene publiek om zonder restricties bekende merken te kunnen bekritisieren en te becommentariëren.

Anderzijds als rechters het begrip ‘eerlijk gebruik’ empirischer zouden beoordelen en zouden letten op de inspanningen die zijn verricht door een concurrent om potentiële schade aan de merkhouder te verminderen en de effecten daarvan op de perceptie van de consument, dan zou dit de concurrentie ten goede komen en de keuzevrijheid van consumenten verbeteren, ook al zijn mogelijkserwijs enkele consumenten in verwarring.

De beste optie is daarom te kiezen voor een juiste mix van empirische bevindingen en normatieve correcties. Als rechters de perceptie van de consument te normatief zouden opvatten, dan zou het merkenrecht sterk afwijken van de daadwerkelijke marktsituatie en consumenten zouden in verwarring zijn. Anderzijds als we de perceptie van de consument te empirisch zouden opvatten, dan zouden merkhouders consumenten in bijna elk teken kunnen onderwijzen deze op te vatten als merk en vervolgens om bescherming vragen. Het EU-merkenrecht zou dan niets anders zijn dan een zelfbedieningsmechanisme voor de industrie, aangezien de investeringen die worden verricht door merkhouders, de beschermingsomvang zouden bepalen. De keuze voor één van deze twee uiteinden van het spectrum zou leiden tot ongewenste effecten welke dienen te worden vermeden.

Het merkenrecht heeft een tweeledige strekking. Enerzijds beschermt het de investeringen van merkhouders en probeert het verwarring onder consumenten te voorkomen. Anderzijds dienen de belangen van concurrenten en het algemene publiek in het vrij beschikbaar houden van tekens te worden gewaarborgd. We moeten daarom op zoek naar de juiste combinatie van juridische instrumenten die beide doelen vervult. Drie mogelijke scenario's kunnen worden geschetst.

Ten eerste zouden we kunnen kiezen voor een merkenrechtstelsel dat voorziet in absolute uitsluitingsgronden ten aanzien van registratie en bescherming die niet opzij kunnen worden gezet door inburgering (‘toegangscontrole vooraf’). Tekens kunnen bijvoorbeeld worden geweigerd, omdat deze in strijd zijn met de goede zeden of de openbare orde of, omdat deze niet op een duidelijke en nauwkeurige manier kunnen worden weergegeven. Andere uitsluitingsgronden zouden kunnen zijn dat het teken functionele elementen bevat en daarom het product zelf beschermt in plaats van als herkomstaanduiding fungeert dat is aangebracht op een product. Deze weigeringsgronden kunnen niet door inburgering opzij gezet worden. Een hoge drempel van het onderscheidend vermogen zou ook kunnen voorkomen dat niet-onderscheidende, beschrijvende en generieke tekens ingeschreven

worden, bijvoorbeeld met bewijs van extensief eerder gebruik, maar dit instrument zou niet zo strikt zijn als een absolute weigeringsgrond.

In dit scenario zou de registratiefase fungeren als een strenge ‘poortwachter’ die de monopolisering van tekens welke eigenlijk beschikbaar zouden moeten blijven voor concurrenten en het algemene publiek, effectief zou kunnen voorkomen. De nadruk ligt op normatieve correcties, alhoewel er ook ruimte is voor empirische bevindingen. Tekens die niet bijzonder bezwarend zijn voor concurrenten, kunnen zonder bewijs van extensief eerder gebruik worden ingeschreven.

De inbreukvraag zou dan in sterke mate kunnen worden gebaseerd op empirische bevindingen, zoals consumentenstudies, waarmee verwarringsgevaar of de reputatie van het merk kan worden aangetoond, omzetcijfers, verkoopcijfers, marktaandeelen, reclame-uitgaven of andere empirische gegevens, alhoewel enige ruimte voor normatieve correcties blijft bestaan. De beperkingen op het merkenrecht zouden bovendien meer empirisch kunnen worden opgevat door te letten op de inspanningen van concurrenten om mogelijke schade te reduceren en het effect daarvan op de perceptie van de consument.

Ten tweede is het mogelijk om een merkenrechtstelsel te ontwikkelen, waarin bij de registratieprocedure nauwelijks gebruik gemaakt wordt van enige preservingmechanismen, zodat bijna elk teken zou kunnen worden ingeschreven als het wordt opgevat als merk. Het staat in een dergelijke situatie merkhouders vrij om bijna elk teken uit het publieke domein te halen. In dit scenario zouden niet-onderscheidende, beschrijvende en generieke tekens, zoals vormen, kleuren en culturele tekens, gemakkelijk kunnen worden geregistreerd, nadat de merkhouders enige inspanningen heeft verricht om consumenten aan te leren deze tekens als herkomstaanduiders voor een bepaald product op te vatten. In dit scenario is de registratie van tekens overgelaten aan de bereidheid van merkhouders om te investeren in een bepaald merk en het vermogen van consumenten om tekens als merk op te vatten. Nu consumenten vrij goed in staat zijn om zo ongeveer elk teken als herkomstaanduiders op te vatten, met name wanneer deze ergens zijn aangebracht op een productverpakking waarvan verwacht kan worden een dergelijk merk aan te treffen, zullen merkhouders geen grote moeilijkheden ondervinden bij de registratie van het gewenste merk.

In dit scenario zouden rechters, wanneer zij dienen te oordelen over een mogelijke inbreuk, bijzonder veel normatieve correcties moeten toepassen ten faveure van de belangen van concurrenten en het algemene publiek, om de consequenties van een flexibele registratieprocedure te compenseren (‘tussentijdse controle’). Ondanks dat merkhouders bijvoorbeeld een aantrekkelijke vorm van een luidspreker of een driekoppig scheerapparaat hebben geregistreerd, staat het concurrenten vrij om overeenstemmende vormen te gebruiken met een beroep op de maatschappelijke noodzaak dat functionele productkenmerken vrij beschikbaar zouden moeten blijven op de markt. Beperkingen op het merkenrecht zouden slechts een aanvullende rol hebben, nu de meeste normatieve correcties reeds zullen zijn toegepast bij de beantwoording van de inbreukvraag.

Deze optie zou echter kunnen leiden tot meer juridische onzekerheid, omdat concurrenten niet kunnen afgaan op het merkenregister. Zij moeten in een dergelijk scenario het risico van een inbreukprocedure op de koop toe nemen, als zij overeenstemmende merken willen gebruiken. Concurrenten met onvoldoende financiële middelen zullen waarschijnlijk dit risico op een juridisch geschil niet durven te nemen, maar als de kosten voor het

ontwerpen van een alternatieve vorm ook hoog zijn, zullen zij worden benadeeld. Voor merkhouders zal het ook niet altijd duidelijk zijn of de gedane investeringen in het opleiden van consumenten een merk als herkomstaanduiders op te vatten, wat opleveren. Rechter kunnen immers de inbreukvordering afwijzen op grond van de vrijhoudingsbehoefte, alhoewel de beperkingen reeds een indicatie kunnen geven welk merkgebruik in ieder geval niet kan worden tegengehouden.

Ten derde zouden we kunnen kiezen voor een merkenrechtstelsel, waarin eenzelfde flexibele registratieprocedure wordt gevolgd als in het tweede scenario, maar waarin de inbreukvraag op een meer empirische wijze wordt opgevat. Empirische bevindingen, zoals consumentenstudies, zouden dan van grote invloed zijn op de beoordeling of er enige schade is toegebracht aan het merk. In dit scenario moet er bij de beoordeling van de merkenrechtelijke beperkingen voldoende ruimte zijn voor de (commerciële) vrijheid van meningsuiting, om tegenwicht te kunnen bieden aan de sterke positie die merkhouders hebben verworven in eerdere fasen ('ex-post controle'). Dit zou kunnen worden gedaan door de eerlijk gebruik bepaling empirischer op te vatten. Rechter zouden zich kunnen richten op de inspanningen die concurrenten hebben verricht om mogelijke schade aan het merk te verminderen en het effect daarvan op de perceptie van de consument. Het blijft evenwel een probleem dat derden mogelijk niet een juridische procedure durven te riskeren en besluiten om bepaalde tekens helemaal niet te gebruiken, ook al zouden de beperkingen van toepassing zijn geweest. Consumenten zouden daarnaast sneller direct of indirect in verwarring kunnen zijn, als merkhouders hen blijven onderwijzen om welk teken dan ook op te vatten als herkomstaanduiders. Als de beschermingsomvang groeit, verwachten consumenten ook dat merkhouders meer macht hebben over hun merken. Concurrenten moeten mogelijk meer inspanningen verrichten om potentiële schade aan het merk te reduceren, dan in een systeem waarin sommige tekens van begin af aan van bescherming zijn uitgezonderd, zodat de beschermingsomvang mogelijk groter is.

In alle drie scenario's zijn de verschillende belangen goed in balans; elk scenario bevat zowel empirische bevindingen als normatieve correcties. Een verschillende mix van empirische bevindingen en normatieve correcties heeft echter een andere uitkomst ten gevolge. Vanuit het perspectief van de merkhouders is de derde optie het aantrekkelijkst, omdat de beschermingsomvang het grootst is als zowel in de registratiefase als in de inbreukprocedure een empirische benadering wordt gehanteerd. Aan merkhouders wordt de mogelijkheid gegeven om te investeren in het onderwijzen van consumenten om welk teken dan ook op te vatten als herkomstaanduiders en vervolgens merkenrechtbescherming te verkrijgen wanneer zij daarin slagen. Vanuit het perspectief van concurrenten is de eerste optie het optimaalst. In dit scenario kunnen aantrekkelijke tekens die merkhouders voordelen verschaffen, niet worden gemonopoliseerd en vrijelijk beschikbaar blijven voor andere marktdeelnemers. Indien de drempel voor het vaststellen van onderscheidend vermogen hoog is, kunnen tekens slechts worden gemonopoliseerd na extensieve marketingcampagnes. Normatieve correcties kunnen echter nog steeds worden toegepast bij de beoordeling van de inbreukvraag. Nu de merkhouders degene is die een juridische procedure aanvangt, is het raadzaam om de risico's bij de merkhouders te leggen.

Het EU-merkenrechtstelsysteem lijkt het meest op het eerste scenario. Het is juist dat het EU-merkenrecht verscheidene niet-traditionele tekens als merk erkent, zoals vormen, abstracte kleuren, kleurcombinaties, geluiden, positiemerken, smaakmerken, enzovoorts,⁷⁹⁵ met uitzondering van geurmerken welke nog niet kunnen worden ingeschreven.⁷⁹⁶ Het vereiste van onderscheidend vermogen lijkt echter een aanzienlijke drempel te vormen voor merkhouders die niet gemakkelijk kan worden weggenomen. Het HvJ EU heeft namelijk geoordeeld dat consumenten niet gewend zijn om aannames te doen over de herkomst van waren of diensten, wanneer een niet-traditioneel teken als merk wordt gebruikt, zoals vormen en abstracte kleuren. Met deze aanname vereist het HvJ EU in feite dat merkaanvragers aantonen dat het merk is ingeburgerd, voordat het niet-traditionele merk wordt ingeschreven. Het verstrekken van bewijs met betrekking tot inburgering kan met name lastig zijn wanneer het een EU-merk betreft. Bewijs van inburgering is namelijk noodzakelijk voor elke individuele EU-lidstaat en wordt daarom als een hoge drempel gezien.⁷⁹⁷ Daarnaast heeft de functionaliteitsdoctrine die van toepassing is op vormen, maar ook op andere productkenmerken sinds de hervorming van het EU-merkenrechtstelsysteem, het zelfs nog moeilijker gemaakt voor merkaanvragers om vormen en andere productkenmerken te registreren. Als een merkaanvrager benadrukt dat de vorm of een andere productkenmerk waarvoor zij merkenrechtbescherming zoeken, aanzienlijk afwijkt van de norm of van wat gangbaar is in de betrokken sector, kan de registratie worden geweigerd vanwege een beroep esthetische functionaliteit.

Hoewel het HvJ EU een hoge drempel heeft ontwikkeld om niet-traditionele tekens in het publieke domein te houden, is het verkrijgen van merkenrechten op niet-traditionele tekens niet onmogelijk geworden. Een middelmatig productontwerp valt mogelijk niet onder de weigeringsgronden en merkhouders kunnen nog steeds functionele kenmerken registreren, als deze niet geheel worden bepaald door technische normen. De aanname van het HvJ EU dat consumenten niet gewend zouden zijn om niet-traditionele tekens op te vatten als herkomstaanduiders, kan daarnaast worden betwijfeld, zodra consumenten zich niet langer meer slechts richten op traditionele herkomstaanduiders, zoals woordmerken en logo's, en geen bijzondere moeilijkheden ondervinden in het opvatten van niet-traditionele tekens als merk. Bovendien laat het HvJ EU de mogelijkheid om exclusieve rechten te verkrijgen op niet-traditionele tekens over aan marketingspecialisten, die wel raad weten hoe consumenten te onderwijzen in het opvatten van vormen en kleuren als merk. Dit maakt de drempel van het

⁷⁹⁵ Door de hervorming van het EU-merkenrecht in 2015 is het vereiste van de grafische weergave geschrapt en ingewisseld voor een nieuwe standaard. Merken moeten nu in het register kunnen worden weergegeven op een wijze die de bevoegde autoriteiten en het publiek in staat stelt 'het voorwerp van de aan de houder ervan verleende bescherming duidelijk en nauwkeurig vast te stellen.' (Art. 4(b) EU Merkenverordening; Art. 3(b) Merkenrichtlijn 2015). Het is verzoekers toegestaan om het merk weer te geven in elke geschikte vorm en door elke beschikbare technologie te gebruiken, op voorwaarde dat die voorstelling 'duidelijk, nauwkeurig, als zodanig volledig, gemakkelijk toegankelijk, begrijpelijk, duurzaam en objectief is.' (HvJ EU, uitspraak van 12 december 2002, zaak C-273/00, ECLI:EU:C:2002:748 (*Sieckmann*), para. 55).

⁷⁹⁶ In *Sieckmann* oordeelde het HvJ EU dat noch een scheikundige formule noch een beschrijving met woorden, noch het depot van een geurmonster noch een combinatie daarvan voldeed aan de registratievereisten (HvJ EU, uitspraak van 12 december 2002, zaak C-273/00, ECLI:EU:C:2002:748 (*Sieckmann*), para. 73).

⁷⁹⁷ HvJ EU, uitspraak van 25 juli 2018, gezamenlijke zaken C-84/17 P, C-85/17 P en C-95/17 P, ECLI:EU:C:2018:596 (*Nestlé/Mondelez (KitKat)*), para. 67-68, 76.

onderscheiden vermogen risicovol en onvoorspelbaar en zou in feite merkhouders kunnen aanmoedigen om juist te investeren in niet-traditionele tekens.

Het is daarom raadzaam om niet te sterk af te gaan op empirische bevindingen wanneer deze aantonen dat consumenten wel degelijk in staat zijn om vormen en abstracte kleuren op te vatten als herkomstaanduiders. Hetzelfde geldt ten aanzien van beschrijvende en culturele tekens die eveneens kunnen worden geregistreerd als inburgering kan worden aangetoond. We moeten echter uitkijken dat empirisch bewijs over de perceptie van de consument niet automatisch leidt tot de verlening van exclusieve rechten op tekens zonder dat er normatieve correcties worden toegepast. Anders zou het EU-merkenrechtstelsel niet langer meer vallen worden onder het eerste scenario, zoals geschetst hierboven, maar opschuiven naar het tweede of het derde scenario met extra risico's op beperkingen op de vrijheid van mededinging en de vrijheid van (commerciële) meningsuiting van dien. Absolute uitsluitingsgronden ten aanzien van culturele tekens zonder hoge symbolische waarde, beschrijvende tekens, vormen en abstracte kleuren die niet opzij gezet kunnen worden door inburgering, zouden in ieder geval de preservatie van deze tekens verzekeren.

Conform het eerste scenario volgt het EU-merkenrechtstelsel ook een empirische benadering bij de beoordeling van inbreuk. Empirische gegevens zijn belangrijk voor de beslissing, maar rechters zijn niet verplicht de uitkomsten van consumentenstudies op te volgen. Anders dan in het eerste scenario mogen rechters echter niet op grond van de vrijhoudingsbehoefte normatieve correcties toepassen ten gunste van derden, nu de perceptie van de consument leidend is voor de beoordeling van een vermoedelijke inbreuk. De regel van het HvJ EU dat consumenten eerder in verwarring zullen zijn wanneer zij geconfronteerd worden met een teken dat overeenstemt met een bekend merk, is onjuist en is in feite een normatieve correctie ten faveure van de belangen van de merkhouders. Deze onjuiste mix van normatieve correcties en empirische bevindingen leiden mogelijk tot disfunctionele prikkels.

Om deze risico's te verminderen is het van groot belang dat niet alleen normatieve correcties worden toegepast ten gunste van merkhouders, maar ook ten faveure van andere marktdeelnemers. De vrijhoudingsbehoefte zou moeten worden erkend als een extra factor in de verwarringsgevaaranalyse. Voorkomen moet worden dat rechters zich te zeer laten leiden door empirisch bewijs. Tekens die eigenlijk in het publieke domein hadden moeten blijven, maar toch door de mazen van het net zijn geglipt, kunnen toch tot zekere hoogte worden vrijgehouden door in de inbreukfase normatieve correcties toe te passen in het voordeel van derde partijen.⁷⁹⁸ Als merkhouders bijvoorbeeld een nieuw element toevoegen, zoals een

⁷⁹⁸ Als het HvJ EU de *Adidas/Marca* uitspraak herzielt, zouden nationale rechters expliciet kunnen verwijzen naar de vrijhoudingsbehoefte wanneer het gaat om niet-onderscheidende, beschrijvende en generieke tekens, zoals vormen, kleuren en culturele tekens. Zij kunnen bijvoorbeeld erop wijzen dat ondanks dat de kleuren van de verpakking of het logo overeenstemmend zijn, toch geen sprake is van verwarringsgevaar vanwege het algemene belang dat kleuren vrijelijk beschikbaar moeten blijven voor concurrenten op de markt. Nationale rechters kunnen echter ook op impliciete wijze gehoor geven aan de vrijhoudingsbehoefte. In de *Adidas/H&M* uitspraak bijvoorbeeld, oordeelde het Hof Den Haag dat er geen sprake was van verwarringsgevaar, omdat de overeenstemming tussen de tekens zeer gering was. De ruimtes tussen de strepen waren verschillend en daarmee ook de totaalindruk van de strepen. De consumentenonderzoeken waren ook niet beslissend en waren bovendien niet betrouwbaar. Naast het verschillend interpreteren van de feiten (benadrukken van de ruimtes tussen de strepen in plaats van te kijken naar de strepen zelf en de totaalindruk die dit oplevert), maakte de rechter tevens gebruik van algemene ervaringsregels over de waarneming van de consument. De consument zou volgens het

decoratief of een fantasie-element dat niet inherent is aan de generieke functie van de waren, maar desondanks een essentiële rol vervult, dan kunnen deze functionele kenmerken toch geldig worden geregistreerd en dienen daarom vrij te worden gehouden in de inbreukprocedure.⁷⁹⁹

In tegenstelling tot het eerste scenario, zoals dat hierboven is geschetst, herhaalt het HvJ EU simpelweg de beoordelingscriteria die reeds zijn toegepast om een *prima facie* inbreuk vast te stellen, bij de beoordeling van de verweren en de naleving van eerlijke gebruik. Het is aan te raden om de beperkingen en de eerlijk gebruik toets meer empirisch te benaderen. Als de gedaagde maatregelen neemt om mogelijke schade aan de merkhouder te verminderen, maar er toch enige verwarring ontstaat of oneerlijk voordeel wordt genomen, dan kan het gebruik van een inbreukmakend teken desondanks worden toegestaan, zolang de afbreuk die wordt gedaan aan het merk opweegt tegen andere overkoepelende maatschappelijke voordelen, zoals meer mededingingsvrijheid en meer (commerciële) vrijheid van meningsuiting en een betere informatievoorziening en keuze voor consumenten.

Deze gedragsbenadering verzekert niet alleen dat de gerechtvaardigde belangen van de merkhouder, maar ook die van derde partijen in aanmerking worden genomen. Merkhouders kunnen niet het ongeautoriseerde gebruik van hun merk voorkomen als de gedaagde voldoende inspanningen heeft verricht om schade te verminderen en het gebruik van de gedaagde bijdraagt aan de verwezenlijking van de genoemde overkoepelende maatschappelijke waarden. Andere marktdeelnemers moeten echter tegelijkertijd ook zoveel mogelijk de belangen van de merkhouder eerbiedigen en geschikte maatregelen nemen om schade te voorkomen als zij een beroep willen doen op de beperkingen.

Kortom, de bovenstaande studie geeft dus de onderhavige spanning in het EU-merkenrecht weer tussen een normatieve en een empirische benadering van de perceptie van de consument. Het is inderdaad zo dat het EU-merkenrecht verscheidende juridische instrumenten ter beschikking heeft die het systeem in balans kunnen houden. Dit onderzoek toont echter ook aan dat sommige juridische instrumenten mogelijk niet op een voldoende effectieve manier worden toegepast. Sterker nog, het merkenrechtssysteem spoort merkhouders mogelijk op disfunctionele wijze aan om juist te investeren in tekens die vrijelijk beschikbaar zouden moeten blijven voor andere marktdeelnemers of het algemene publiek. Het vereiste van onderscheidend vermogen is met name onvoorspelbaar en risicovol, nu merkhouders kunnen beïnvloeden of tekens onderscheidend vermogen verwerven en zoveel als nodig investeren,

hof gewend zijn aan strepen op kleding en was de streep zelf en de willekeurige combinatie van de twee strepen zo eenvoudig en triviaal dat deze niet onderscheidend waren (Hof Den Haag, uitspraak van 28 januari 2020, ECLI:NL:GHDHA:2020:72 (*H&M/Adidas*)). Hetzelfde zou moeten gelden voor beschrijvend tekens die niet zijn ingeburgerd. Ook al heeft het HvJ EU in de *Hansson* uitspraak het principe afgewezen dat er geen sprake is van verwarringsgevaar als het beweerdelijk inbreukmakende teken elementen bevat die beschrijvend of niet onderscheidend zijn, nationale rechters zouden simpelweg moeten beargumenteren dat de tekens niet met elkaar overeenstemmen en er daardoor geen verwarringsgevaar kan ontstaan (HvJ EU, uitspraak van 12 juni 2019, zaak C-705/17, ECLI:EU:C:2019:481).

⁷⁹⁹ HvJ EU, uitspraak van 18 september 2014, zaak C-205/13, ECLI:EU:C:2014:2233 (*Stokke/Hauck*), para. 22. Zie ook: HvJ EU, uitspraak van 14 september 2010, zaak C-48/09 P, ECLI:EU:C:2010:516 (*Lego Juris/BHIM*), para. 68-70.

totdat zij de controle hebben over het gewenste teken. Als we willen voorkomen dat merkhouders worden aangemoedigd juist te investeren in tekens die vrijelijk beschikbaar moeten blijven, zoals niet-onderscheidende, beschrijvende en generieke tekens, en we voldoende ruimte willen overhouden voor andere marktdeelnemers om overeenstemmende tekens te gebruiken, dan zou het rechters ook moeten worden toegestaan om normatieve correcties aan te brengen wanneer zij inbreukvragen moeten beoordelen. Zo kunnen rechters merkhouders ontmoedigen om strategieën toe te passen met het oog op de toe-eigening van een bepaald teken, door te laten zien dat zelfs indien een merkregistratie heeft plaatsgevonden, de beschermingsomvang vrij beperkt blijft. Het moet niet per definitie lonen om veel te investeren in het onderrichten van consumenten. Er is reden te meer om deze richting te volgen nu rechters reeds normatieve correcties toepassen in het voordeel van merkhouders wanneer verwarringsgevaar moet worden beoordeeld ten aanzien van een bekend merk. Een meer empirische benadering bij de beoordeling van eerlijk gebruik zal tenslotte de vrijheid van mededinging en de (commerciële) vrijheid van meningsuiting versterken, en de beschikbare informatie en keuzevrijheid voor consumenten verbeteren. Het toestaan van normatieve correcties aan beide kanten van het spectrum en op alle niveaus, zou het circulaire karakter dat eigen lijkt te zijn aan het EU-merkenrechtstelsel kunnen voorkomen. Door deze richtlijnen toe te passen, kunnen tekens niet zonder meer worden ingeschreven wanneer empirische bevindingen dit voorschrijven en merkhouders kunnen niet per definitie meer bescherming verwerven naarmate er meer wordt geïnvesteerd in deze tekens.

Bibliography

Albrecht 1999

Albrecht F (1999) Sprachwissenschaftliche Erkenntnisse im markenrechtlichen Registerverfahren. Dissertation, Münster (Westf.) University

Aldred 2008

Aldred J (2008) The economic rationale of trade marks: an economist's critique. In: Bently L, Davis J, Ginsburg J (eds) Trade marks and brands, an interdisciplinary critique. Cambridge University Press, Cambridge, pp 267-282

Altman & Pollack 2020

Altman L, Pollack M (2020) Callmann on unfair competition, trademarks and monopolies. Thomson Reuters, St Paul (Minnesota)

Ammar 2011

Ammar J (2011) Think consumer: the enforcement of the trade mark quality guarantee revisited, a legal and economic analysis. Cambridge Scholars Publishing, Newcastle upon Tyne

Anemaet 2021

Anemaet L (2021) Which honesty test for trademark law? Why traders' efforts in avoiding trademark harm should matter when assessing honest business practices. GRUR Int: 70 (forthcoming)

Anemaet 2020

Anemaet L (2020) The fairy tale of the average consumer: why we should not rely on the real consumer when assessing the likelihood of confusion. GRUR Int 69:1008-1026. <https://doi.org/10.1093/grurint/ikaa109>

Anemaet 2020

Anemaet L (2020) The many faces of the average consumer: is it really so difficult to assess whether two stripes are similar to three? IIC 51:187–213. <https://doi.org/10.1007/s40319-020-00907-0>

Anemaet 2019

Anemaet L (2019) Beslissen in sub b zaken: hoe beoordelen rechters of een consument in verwarring is of niet? Berichten industriële eigendom 3:122-131

Anemaet 2016

Anemaet L (2016) The public domain is under pressure – why we should not rely on empirical data when assessing trademark distinctiveness. IIC 47:303-335. <https://doi.org/10.1007/s40319-016-0459-8>

Assaf 2009

Assaf K (2009) Der Markenschutz und seine kulturelle Bedeutung: Ein Vergleich des deutschen mit dem US-amerikanischen Recht. GRUR Int 1:1-14

Austin 2008

Austin GW (2008) Tolerating confusion about confusion: trademark policies and fair use. Ariz L Rev 50:157-189

Austin 2004

Austin GW (2004) Trademarks and the burdened imagination. Brook L Rev 69:827-922

Balcetis & Dunning 2006

Balcetis E, Dunning D (2006) See what you want to see: motivational influences on visual perception. *J Pers and Soc Psychol* 91(4):612-625. doi:10.1037/0022-3514.91.4.612

Bargh 2014

Bargh JA (2014) Our unconscious mind. *Sci Am* 1:32-39

Bargh 1997

Bargh JA (1997) The automaticity of everyday life. In: Wyer RS (ed) *The automaticity of everyday life: advances in social cognition* (Volume X). Lawrence Erlbaum Associates, Mahwah, pp 1-61

Baudenbacher 1981

Baudenbacher C (1981) Machtbedingte Wettbewerbsstörungen als Unlauterkeitstatbestände. Zugleich Beitrag zum Verhältnis von UWG und GWB. *GRUR* 19-29

Beater 2011

Beater A (2011) *Unlauterer Wettbewerb*. Mohr Siebeck, Tübingen

Bechara & Damasio 2005

Bechara A, Damasio AR (2005) The somatic marker hypothesis: a neural theory of economic decision. *Games Econ Behav* 52(2):336-372

Beebe 2010

Beebe B (2010) Intellectual property law and the sumptuary code. *Harv L Rev* 123:809-889

Beebe 2006

Beebe B (2006) An empirical study of the multifactor tests for trademark infringement. *Cal L Rev* 94:1581-1654

Beebe 2006

Beebe B (2006) A defense of the new federal trademark antidilution law. *Fordham Intell Prop Media & Ent LJ* 16:1143-1174

Beebe & Fromer 2018

Beebe B, Fromer JC (2018) Are we running out of trademarks? An empirical study of trademark depletion and congestion. *Harv L Rev* 131:945-1045

Beier & Reimer 1955

Beier F-K, Reimer A (1955) Preparatory Study for the Establishment of a Uniform International Trademark Definition. *Trademark Rep* 45:1266-1297

Bellizzi & Crowley & Hasty 1983

Bellizzi J, Crowley AE, Hasty RW (1983) The effects of color in store design. *J Retail* 59(1):21-45

Bently et al 2018

Bently L et al (2018) *Intellectual property law*. Oxford University Press, Oxford

Bently & Sherman 2014

Bently L, Sherman B (2014) *Intellectual property law*. Oxford University Press, Oxford

Berkowitz & Knurek 1969

Berkowitz L, Knurek D (1969) Label-mediated hostility generalization. *J Pers and Soc Psychol* 13(3):200-206

Björkenfeldt 2010

Björkenfeldt M (2010) The genie is out of the bottle: the ECJ's decision in *L'Oréal/Bellure*. *JIPLP* 5:105-110

Bloch 1995

Bloch PH (1995) Seeking the ideal form: product design and consumer response. *J Mark* 59(3):16-29

Bodenhausem 1968

Bodenhausem GHC (1968) Guide to the application of the Paris Convention for the protection of industrial property as revised at Stockholm in 1967. BIRPI, Geneva

Boes & Deutsch 1996

Boes U, Deutsch V (1996) “Die Bekanntheit” nach dem neuen Markenrecht und ihre Ermittlung durch Meinungsumfragen. *GRUR* 3:168-173

Bone 2006

Bone RG (2006) Hunting goodwill: a history of the concept of goodwill in trademark law. *BU L Rev* 86:547-622

Bornstein 1992

Bornstein RF (1992) Subliminal mere exposure effects. In: Bornstein RF, Pittman TS (eds) *Perception without awareness: cognitive, clinical, and social perspectives*. The Guilford Press, New York, pp 191-210

Boyle 2003

Boyle J (eds) (2003) The public domain. *Law & Contemp Probs* 66(1):1-483. <http://scholarship.law.duke.edu/lcp/vol66/iss1/>. Accessed 17 April 2021

Boynton & Dolensky 1979

Boynton RM, Dolensky S (1979) On knowing books by their colors. *Percept Mot Skills* 48:479-488

Bradford 2008

Bradford LR (2008) Emotion, dilution and the trade mark consumer. *Berkeley Tech LJ* 23(4):1227-1298

Bremer 2013

Bremer J (2013) Verwijzen of verwarren? Over refererend merkgebruik in de praktijk. *BMM Bull* 1:76-82

Brown et al (2019)

Brown A et al (2019) *Contemporary intellectual property law and policy*. Oxford University Press, Oxford

Brown 1999

Brown RS (1999) Advertising and the public interest: legal protection of trade symbols. *Yale LJ* 108:1619-1659

Burgunder 1985

Burgunder LB (1985) An economic approach to trademark genericism. *Am Bus Law J* 23:391-416

Burrell & Gangjee 2010

Burrell R, Gangjee D (2010) Trade marks and freedom of expression: a call for caution. *IIC* 41:544

Cacioppo et al 1992

Cacioppo J (et al) (1992) Rudimentary determinants of attitudes: classical conditioning is more effective when prior knowledge about the attitude stimulus is low than high. *J Exp Soc Psychol* 28:207-233

Calboli 2018

Calboli I (2018) Hands off “my” colors, patterns, and shapes! How non-traditional trademarks promote standardization and may negatively impact creativity and innovation. In: Calboli I, Senftleben MRF (eds) The protection of non-traditional trademarks. Critical perspectives. Oxford University Press, Oxford

Callmann (1942)

Callmann R (1942) He who reaps where he has not sown: unjust enrichment in the law of unfair competition. Harv L Rev 55:559-614

Callmann (1940)

Callmann R (1940) What is unfair competition? Geo LJ 28:585-607

Callmann (1929)

Callmann R (1929) Der Unlautere Wettbewerb. Kommentar zum Gesetz gegen den unlauteren Wettbewerb und zu den materiellrechtlichen Vorschriften des Gesetzes zum Schutze der Warenbezeichnungen. J Bensheimer, Mannheim/Berlin/Leipzig

Callmann 1927

Callmann R (1927) Unlauterer Wettbewerb zum Wohl der Allgemeinheit? Markenschutz und Wettbewerb 12:378-381

Carter 1990

Carter SL (1990) The trouble with trademark. Yale LJ 99:762

Casiday & Frey 2000

Casiday R, Frey R (2000) I have seen the light! Vision and light-induces molecular changes. Spectroscopy and quantum chemistry experiment.

<http://www.chemistry.wustl.edu/~edudev/LabTutorials/Vision/Vision.html>.

Accessed 17 April 2021

Celsi & Olson 1988

Celsi RL, Olson JC (1988) The role of involvement in attention and comprehension processes. J Consum Res 15:210-24

Chen 1997

Chen XY (1997) The status of international protection against unfair competition. EIPR 8:421-424

Cohen Jehoram & van Nispen & Huydecoper 2010

Cohen Jehoram T, van Nispen CJC, Huydecoper JLRA (2010) European trademark law. Community trademark law and harmonized national trademark law. Kluwer International, Alphen aan den Rijn

Cohen Jehoram 2002

Cohen Jehoram T (2002) The shape which gives substantial value to the goods. Benelux law becomes European law – but to what extent? In: Schaper T, Broek BJ van den (eds) Allied and in friendship: for Teartse Schaper. Kluwer, Deventer, pp 51-60

Collins & Lotus 1975

Collins AM, Lotus EF (1975) A spreading activation theory of semantic processing. Psychol Rev 82(6):407-428

Cornish 1997

Cornish WR (1997) Genevan bootstraps. EIPR 19:336-338

Creusen & Schoormans 2005

Creusen MEH, Schoormans JPL (2005) The different roles of product appearance in consumer choice. *J Prod Innov Manag* 22:63-81

Cross 1997

Cross JT (1997) Language and the law: the special role of trademarks, trade names, and other trade emblems. *Neb L Rev* 76:95-154

Damasio 1994

Damasio AR (1994) *Descartes' Error: emotion, reason, and the human brain*. Avon Books, New York

David & Frick 2017

David L, Frick MR (2017) *Basler Kommentar. Markenschutzgesetz. Wappenschutzgesetz*. Helbing Lichtenhahn Verlag, Basel

Davidoff 1991

Davidoff JB (1991) *Cognition through Color*. MIT Press, Cambridge

Davis 2020

Davis J (2020) Limitations to trademark protection. In: Calboli I, Ginsburg JC (eds) *The Cambridge handbook of international and comparative trademark law*. Cambridge University Press, Cambridge/New York, pp 558-570

Davis 2015

Davis J (2015) Revisiting the average consumer: an uncertain presence in European trademark law. *IPQ* 1:15-30

Davis 2005

Davis J (2005) Locating the average consumer: his judicial origins, intellectual influences and current role in European trade mark law. *IPQ* 2:183-203

Denicola 1981

Denicola RC (1981) Trademarks as speech: constitutional implications of the emerging rationales for the protection of trade symbols. *Wis L Rev* 1982:158-207

Desai 2018

Desai DR (2018) Should trademark law protect non-traditional trademarks? A look at how marketing practices try to capture essences. In: Calboli I, Senftleben MRF (eds) *The protection of non-traditional trademarks. Critical perspectives*. Oxford University Press, Oxford

Desai 2012

Desai DR (2012) From trade marks to brands. *Fla L Rev* 64:981-1044

de Vrey 2006

de Vrey RW (2006) *Towards a European unfair competition law. A clash between legal families. A comparative study of English, German and Dutch law in light of existing European and international legal instruments*. Martinus Nijhoff Publishers, Leiden/Boston

Dilbary 2007

Dilbary SJ (2007) Famous trademarks and the rational basis for protecting “irrational beliefs”. *Geo Mason L Rev* 14:605-666

Dijksterhuis 2010

Dijksterhuis A (2010) *Het slimme onbewuste. Denken met gevoel*. Bert Bakker, Amsterdam

Dinwoodie & Gangjee 2016

Dinwoodie GB, Gangjee DS (2016) The image of the consumer in European trade mark law. In: Leczykiewicz D, Weatherill S (eds) The image(s) of the consumer in EU law. Hart Publishing, Oxford and Portland

Dinwoodie 2009

Dinwoodie GB (2009) Lewis & Clark Law School Ninth Distinguished IP Lecture: developing defenses in trademark law. *Lewis & Clark L Rev* 13(1):99-153

Dogan & Lemley 2008

Dogan SL, Lemley MA (2008) A search-costs theory of limiting doctrines in trademark law. In: Dinwoodie G, Janis M (eds) *Trademark law and theory: a handbook of contemporary research*, pp 65-94

Dogan & Lemley 2005

Dogan SL, Lemley MA (2005) The merchandising right: fragile theory or *fait accompli*. *Emory LJ* 54(1):461-506

Dogan & Lemley 2004

Dogan SL, Lemley MA (2004) Trademarks and consumer search costs on the internet. *Hous L Rev* 41(3):777-838

Dontas 2006

Dontas N (2006) Permitted use under international law. In: Phillips J (ed) *Trade marks at the limit*. Edward Elgar, Cheltenham/Northampton, pp 3-9

Dreyfuss 1990

Dreyfuss RC (1990) Expressive genericity: trademarks as language in the Pepsi generation. *Notre Dame L Rev* 65(3):397-424

Economides 1988

Economides NS (1988) The economics of trademarks. *Trademark Rep* 78:523-539

Enns & Austen 2007

Enns JT, Austen E (2007) Mental schemata and the limits of perception. In: Peterson MA, Gillam B, Sedgwick HA (eds) *In the mind's eye. Julian Hochberg on the perception of pictures, films, and the world*. Oxford University Press, New York, pp 439-448

Fezer 2009

Fezer, K-H (2009) *Markenrecht. Kommentar zum Markengesetz, zur Pariser Verbandsübereinkunft und zum Madrider Markenabkommen. Dokumentation des nationalen, europäischen und internationalen Kennzeichenrechts*. Verlag CH Beck, München

Fhima & Denvir 2015

Fhima I, Denvir C (2015) An empirical analysis of the likelihood of confusion factors in European trade mark law. *IIC* 46:310-339

Fisher 2001

Fisher W (2001) Theories of intellectual property. In: Munzer SR (ed) *New essays in the legal and political theory of property*. Cambridge University Press, Cambridge

Folsom & Teply 1980

Folsom RH, Teply LL (1980) Trademarked generic words. *Trademark Rep* 70:206-242

Foxman & Muehling & Berger 1990

Foxman ER, Muehling DD, Berger PW (1990) An investigation of factors contributing to consumer brand confusion. *J Consum Aff* 24(1):170-189

Gallagher & Goodstein 2004

Gallagher WE, Goodstein RC (2004) Inference versus speculation in trademark infringement litigation: abandoning the fiction of the vulcan mind meld. *Trademark Rep* 94:1229-1270

Gangjee 2018

Gangjee DS (2018) Paying the Price for Admission. Non-Traditional Marks across Registration and Enforcement. In: Calboli I, Senftleben MRF (eds) *The protection of non-traditional trademarks. Critical perspectives*. Oxford University Press, Oxford

Gangjee 2013

Gangjee DS (2013) Property in brands. *LSE Work Papers* 8:1-27.

Garbarino & Edell 1997

Garbarino EC, Edell JA (1997) Cognitive effort, affect, and choice. *J Consum Res* 24:147-158

Geerts & Verschuur 2018

Geerts PGFA, Verschuur AME (eds) (2018) *Kort begrip van het intellectuele eigendomsrecht*. Wolters Kluwer, Deventer

Gentry & Putrevu & Shultz 2006

Gentry JW, Putrevu S, Shultz CJ (2006) The effects of counterfeiting on consumer search. *J Consum Behav* 5(3):245-256

Gerhardt 2010

Gerhardt DR (2010) Consumer investment in trademarks. *NC L Rev* 88(2):427-500

Ghidini 2016

Ghidini G (2016) «Competition on the merits»: a pseudo-concept? *Luiss L Rev* 1:84-87

Gibson 2007

Gibson J (2007) Risk aversion and rights accretion in intellectual property law. *Yale LJ* 116(5):882-951

Gielen 2014

Gielen Ch (2014) Substantial value rule: how it came into being and why it should be abolished. *EIPR* 3:164-169

Gorn 1982

Gorn GJ (1982) The effects of music in advertising on choice behavior: a classical conditioning approach. *J Mark* 46(1):94-101

Griffiths 2011

Griffiths A (2011) *An economic perspective on trade mark law*. Cheltenham, Edward Elgar

Griffiths 2008

Griffiths A (2008) A law-and-economics perspective on trade marks. In: Bently L, Davis J, Ginsburg JC (eds) *Trade marks and brands, an interdisciplinary critique*. Cambridge University Press, Cambridge

Grossman & Wisenblit 1999

Grossman RP, Wisenblit JZ (1999) What we know about consumers' color choices. *J Market Pract* 5(3):78-88

Guibault & Hugenholtz 2006

Guibault LMCR, Hugenholtz PB (eds) (2006) *The future of the public domain – identifying the commons in information law*. Kluwer Law International, Alphen aan den Rijn

Han & Nunes & Drèze 2010

Han YJ, Nunes JC, Drèze X (2010) Signaling status with luxury goods: the role of brand prominence. *J Mark* 74(4):15-30

Harte-Bavendamm & Henning-Bodewig 2004

Harte-Bavendamm H, Henning-Bodewig F (2004) Gesetz gegen den unlauteren Wettbewerb (UWG). CH Beck, München

Henning-Bodewig 2007

Henning-Bodewig (2007) International unfair competition law. In: Hilty RM, Henning-Bodewig F (eds) Law against unfair competition. Towards a new paradigm in Europe? MPI studies on intellectual property, competition and tax law, vol. 1. Springer, Berlin Heidelberg, pp 53-60

Henning-Bodewig 2006

Henning-Bodewig (2006) Unfair competition law. European Union and Member States. Kluwer Law International, The Hague

Henning-Bodewig 1999

Henning-Bodewig (1999) International protection against unfair competition – Art. 10bis Paris Convention, TRIPS and WIPO Model Provisions. IIC 2:166-190

Heymann 2009

Heymann LA (2009) The public's domain in trademark law: a First Amendment theory of the consumer. Ga L Rev 43(3):651-716

Hoeken 2008

Hoeken H (2008) Het ontwerp van overtuigende teksten. Wat onderzoek leert over de opzet van effectieve reclame en voorlichting. Uitgeverij Coutinho, Bussum

Höpperger & Senftleben 2007

Höpperger M, Senftleben MRF (2007) Protection against unfair competition at the international level. In: Hilty RM, Henning-Bodewig F (eds) Law against unfair competition. Towards a new paradigm in Europe? MPI studies on intellectual property, competition and tax law, vol. 1. Springer, Berlin Heidelberg, pp 61-76

Huang & Weatherall & Webster 2012

Huang V, Weatherall K, Webster E (2012) The use of survey evidence in Australian trade mark and passing off cases. In: Kenyon AT, Loon NW, Richardson M (eds) The law of reputation and brands in the Asia Pacific. Cambridge University Press, Cambridge, pp 181-202

Hughes 2015

Hughes J (2015) Cognitive and aesthetic functionality in trademark law. Cardozo L Rev 36(4):1227-1286

IJzermans 2011

IJzermans MG (2011) De overtuigingskracht van emoties bij het rechterlijk oordeel. Een theoretisch onderzoek. Boom Juridische Uitgevers, The Hague.

Jacoby 2001

Jacoby J (2001) The psychological foundations of trademark law: secondary meaning, genericism, fame, confusion and dilution. Trademark Rep 91:1013-1071

Jones & Goldsmith 2005

Jones OD, Goldsmith TH (2005) Law and behavioral biology. Colum L Rev 105:405-502

Kabel 2005

Kabel JJC (2005) *Rechter en publieksopvattingen: feit, fictie of ervaring? Over de beoordeling door de rechter van commerciële communicatie*. Otto Cramwinkel Uitgever, Amsterdam

Kamperman Sanders 2020

Kamperman Sanders A (2020) Dilution and damage beyond confusion in the European Union In: Calboli I, Ginsburg JC (eds) *The Cambridge handbook of international and comparative trademark law*. Cambridge University Press, Cambridge/New York, pp 499-510

Kamperman Sanders 2013

Kamperman Sanders A (2013) Unfair competition: complementary or alternative to intellectual property in the EU? In: Geiger C (ed) *Constructing European intellectual property*. Edward Elgar, Cheltenham/Northampton

Kamperman Sanders 1995

Kamperman Sanders A (1995) Badges of Trade. The protection of trade marks and related intangibles in unfair competition law. Intellectual Property Law Unit of the Centre for Commercial Law Studies, Queen Mary and Westfield College, University of London

Keller 1993

Keller KL (1993) Conceptualizing, measuring, and managing customer-based brand equity. *J Mark* 57(1):1-22

Klerman 2006

Klerman D (2006) Trademark dilution, search costs, and naked licensing. *Fordham L Rev* 74(4):1759-1773

Kozinski (1993)

Kozinski A (1993) Trademarks unplugged. *NYU L Rev* 68(4):960-978

Kratzke 1991

Kratzke WP (1991) Normative economic analysis of trademark law. *Mem St U L Rev* 21(2):199-290

Kreitler & Kreitler 1972

Kreitler H, Kreitler S (1972) *Psychology of the arts*. Duke University Press, Durham

Kunst-Wilson & Zajonc 1980

Kunst-Wilson W, Zajonc RB (1980) Affective discrimination of stimuli that cannot be recognized. *Science* 207:557-558

Kur 2020

Kur A (2020) Trademark functions in European Union law. In: Calboli I, Ginsburg JC (eds) *The Cambridge handbook of international and comparative trademark law*. Cambridge University Press, Cambridge/New York, pp 162-177

Kur 2018

Kur A (2018) Yellow dictionaries, red banking services, some candies, and a sitting bunny. Protection of color and shape marks from a German and European perspective. In: Calboli and Senftleben (eds) *The protection of non-traditional trademarks. Critical perspectives*. Oxford University Press, Oxford

Kur 2017

Kur A, Senftleben MRF (2017) *European trade mark law. A commentary*. Oxford University Press, Oxford

Kur 2014

Kur A (2014) What to protect, and how? Unfair competition, intellectual property, or protection *sui generis*. In: Lee N (et al) (eds) Intellectual property, unfair competition and publicity convergences and development. European Intellectual Property Institutes Network series. Edward Elgar Publishing Limited, Cheltenham/Northampton, pp 11-32

Kur 2009

Kur A (2009) Of oceans, islands, and inland water – how much room for exceptions and limitations under the three-step test. Rich J Global L & Bus 8(3):287-350

Kur 2008

Kur A (2008) Strategic branding: does trademark law provide for sufficient self help and self healing forces? In: Govaere I, Ullrich H (eds) Intellectual property, market power and the public interest. Peter Lang, Brussels, pp 191-217

Kur & Dreier & Luginbuehl 2019

Kur A, Dreier T, Luginbuehl S (2019) European intellectual property law. Text, cases and materials, second edition. Edward Elgar, Cheltenham/Northampton

Kuykendall & Keating 1990

Kuykendall D, Keating J (1990) Altering thoughts and judgments through repeated association. Br J Soc Psychol 29(1):79-86

Ladas 1975

Ladas SP (1975) Patents, trademarks, and related rights. National and international protection. Harvard University Press. Cambridge/Massachusetts

Lakoff 2008

Lakoff G (2008) The political mind. A cognitive scientist's guide to your brain and its politics. Viking Penguin, New York

Landes 2004

Landes W (2004) An empirical analysis of intellectual property litigation: some preliminary results. Hous L Rev 41(3):749-776

Landes & Posner 2003

Landes WM, Posner LA (2003) The economic structure of intellectual property law. Harvard University Press, Cambridge

Landes & Posner 1988

Landes WM, Posner RA (1988) The economics of trademark law. Trademark Rep 78:267-306

Lee 2002

Lee AY (2002) Effects of implicit memory on memory-based versus stimulus-based brand choice. J Mark Res 39:440-454.

Lee & DeRosia & Christensen 2009

Lee TR, DeRosia ED, Christensen GL (2009) An empirical and consumer psychology analysis of trademark distinctiveness. Ariz St LJ 41(4):1033-1110

Lee & Christensen 2008

Lee TR, DeRosia ED, Christensen GL (2008) Sophistication, bridging the gap, and the likelihood of confusion: an empirical and theoretical analysis. Trademark Rep 98:913-949

Lemley 1999

Lemley MA (1999) The modern Lanham Act and the death of common sense. Yale LJ 108:1687-1715

Litman 1999

Litman J (1999) Breakfast with Batman: the public interest in the advertising age. Yale LJ 108:1717-1736

Locke 1689

Locke J (1689) Second treatise on government. Book II, Chapter 5, Section 27

Loewenheim 1975

Loewenheim U (1975) Suggestivwerbung, unlauterer Wettbewerb, Wettbewerbsfreiheit und Verbraucherschutz. GRUR 3:99-110

Lunney 1999

Lunney GS (1999) Trademark monopolies. Emory LJ 48(2):367-487

Maniatis and Kamperman Sanders 1993

Maniatis SM, Kamperman Sanders A (1993) A consumer trade mark: protection based on origin and quality. EIPR 11:406-415

Mayor 2009

Mayor M (et al) (2009) Longman dictionary of contemporary English. Pearson Education Limited, Harlow

Max Planck Institute 2011

Max Planck Institute for Intellectual Property and Competition Law (2011) Study on the overall functioning of the European trade mark system, Munich

McGeveran 2008

McGeveran W (2008) Four free speech goals for trademark law. Fordham Intellect Prop Media & Ent LJ 18:1205-1228

McCarthy 2004

McCarthy JT (2004) Proving a trademark has been diluted: theories or facts? Hous L Rev 41(3):713-748

McKenna 2007

McKenna MP (2007) The normative foundations of trademark law. Notre Dame L Rev 82(5):1839-1916

Meale and Smith 2010

Meale D, Smith J (2010) Enforcing a trade mark when nobody's confused: where the law stands after L'Oréal and Intel. JIPLP 5:96-104

Middlemiss 2006

Middlemiss S (2006) Permitted use under European law: the framework. In: Phillips J (ed) Trade marks at the limit. Edward Elgar, Cheltenham/Northampton.

Monteagudo and Porxas 2006

Monteagudo M, Porxas N (2006) Repairs and other specialist services in the light of the ECJ'S *BMW* ruling. In: Philips J (ed) Trade Marks at the Limit. Edward Elgar, Cheltenham/Northampton, pp 106-119

Montgomery and Wernerfelt 1992

Montgomery CA, Wernerfelt B (1992) Risk reduction and umbrella branding. J Bus 65(1):31-50

Moreland & Beach 1992

Moreland RL, Beach SR (1992) Exposure effects in the classroom: the development of affinity among students. J Exp Soc Psychol 28:255-276

Morrin & Jacoby 2000

Morrin M, Jacoby J (2000) Trademark dilution: empirical measures for an elusive concept. *J Public Policy Mark* 19(2):265-276

Naser 2009

Naser MA (2009) Trade marks and freedom of expression. *IIC* 40(2):188-205

Neisser 1976

Neisser U (1976) *Cognition and reality: principles and implications of cognitive psychology*. WH Freeman and Company, San Francisco

Nelson 1975

Nelson P (1975) The economic consequences of advertising. *J Bus* 48(2):213-241

Nordemann 1975

Nordemann W (1975) Der verständige Durchschnittsgewerbetreibende – Zum Begriff der “guten Sitten” in § 1 UWG. *GRUR* 12:625-631

Novemsky 2007

Novemsky N et al (2007) Preference fluency in choice. *J Mark Res* 44:347-356

Ohly 2020

Ohly A (2020) Trademark law and advertising law in the European Union: conflicts and convergence. In: Calboli I, Ginsburg JC (eds) *The Cambridge handbook of international and comparative trademark law*. Cambridge University Press, Cambridge/New York, pp 323-336

Ohly 2018

Ohly A (2018) A fairness-based approach to economic rights. In: Hugenholtz B (ed) *Copyright reconstructed: rethinking copyright's economic rights in a time of highly dynamic technological and economic change*. Information law series. Wolters Kluwer, Alphen aan den Rijn

Ohly 2014

Ohly A (2014) Interfaces between trade mark protection and unfair competition law: Confusion about confusion and misconceptions about misappropriation? In: Lee N, Westkamp G, Kur A, Ohly A (eds) *Intellectual property, unfair competition and publicity convergences and development*. European Intellectual Property Institutes Network series. Edward Elgar Publishing Limited, Cheltenham/Northampton, pp 33-60

Ohly 2012

Ohly A (2012) Unfair competition (Basic principles). In: Basedow J et al (eds) *The Max Planck encyclopedia of European private law*. Oxford University Press, Oxford, pp 1712-1715

Oneto & Sundie 2006

Oneto S, Sundie JM (2006) Perceptions of counterfeit consumers. *Advances in Consumer Research* 33(1): 341-342

Perloff 2003

Perloff RM (2003) *The dynamics of persuasion: communication and attitudes in the 21st century*. Lawrence Erlbaum Associates, Mahwah

Petty 2004

Petty RE et al (2004) The Elaboration Likelihood Model of persuasion. In: Seiter JS, Gass RH (eds) *Perspectives on persuasion, social influence, and compliance gaining*. Pearson/Allyn and Bacon, Boston, pp 65-89

Petty & Cacioppo 1986

Petty RE, Cacioppo JT (1986) Communication and persuasion. Central and peripheral routes to attitude change. Springer, New York

Petty & Briñol & Priester 2009

Petty RE, Briñol P, Priester JR (2009) Mass media attitude change: implications of the Elaboration Likelihood Model of persuasion. In: Bryant J, Oliver MB (eds) Media effects: advances in theory and research. Routledge, New York, pp 125-164

Phillips 2005

Phillips J (2005) Trade mark law and the need to keep free. Intellectual property monopolies have their limits. IIC 36:389-401

Phillips 2003

Phillips J (2003) Trade mark law. A practical anatomy. Oxford University Press, New York

Pieters & Wedel 2007

Pieters R, Wedel M (2007) Goal control of attention to advertising: the Yarbus implication. J Consum Res 34(2):224-233

Pieters & Wedel 2004

Pieters R, Wedel M (2004) Attention capture and transfer in advertising: brand, pictorial and text-size effects. J Mark 68:36-50

Pinker 1997

Pinker S (1997) How the mind works. WW Norton & Company, New York/London

Pol & Swankhuisen & van Vendeloo 2007

Pol B, Swankhuisen C, van Vendeloo P (2007) Nieuwe aanpak in overheidscommunicatie. Mythen, misverstanden en mogelijkheden. Coutinho, Bussum

Posner (2011)

Posner RA (2011) Economic analysis of law. Aspen Publishers, New York

Posner (1992)

Posner RA (1992) When is parody fair use? J Legal Stud 21(1):67-78

Priest & Klein 1984

Priest G, Klein B (1984) The selection of disputes for litigation. J Legal Stud 13(1):1-56

Purcell 2003

Purcell NAJ (2003) Kleurmerken: ja, maar... Beschouwing van HvJ EG 6 mei 2003 (IER 2003, 50 m.nt. ChG, Libertel/BMB). IER 6: 335-346

Quaedvlieg 1987

Quaedvlieg AA (1987) Auteursrecht op techniek. De auteursrechtelijke bescherming van het technisch aspect van industriële vormgeving en computerprogrammatuur. WEJ Tjeenk Willink, Zwolle

Ramsey 2020

Ramsey LP (2020) Protectable trademark subject matter in common law countries and the problem with flexibility. In: Calboli I, Ginsburg JC (eds) The Cambridge handbook of international and comparative trademark law. Cambridge University Press, Cambridge/New York, pp 193-208

Ramsey 2003

Ramsey LP (2003) Descriptive trademarks and the First Amendment. Tenn L Rev 70:1095-1176

Ramsey & Schovsbo 2013

Ramsey L, Schovsbo J (2013) Mechanisms for limiting trade mark rights to further competition and free speech. IIC 44(6):671-700

Raßmann 1997

Raßmann C (1997) Verwechslungsgefahr und Schutzzumfang im neuen Markenrecht – ein völliger Neubeginn? GRUR 8/9:580-591

Reber & Schwarz & Winkielman 2004

Reber R, Schwarz N, Winkielman P (2004) Processing fluency and aesthetic pleasure: Is beauty in the perceiver's processing experience? Pers Soc Psychol Rev 8(4):364-382

Richardson 2004

Richardson M (2004) Trade marks and language. Sydney L Rev 26:193-220

Ricketson 2020

Ricketson S (2020) The trademark provision in the Paris Convention for the protection of industrial property. In: Calboli I, Ginsburg JC (eds) The Cambridge handbook of international and comparative trademark law. Cambridge University Press, Cambridge/New York, pp 3-26

Risthaus 2007

Risthaus S (2007) Erfahrungssätze im Kennzeichenrecht. Note 52. Carl Heymanns Verlag GmbH, Cologne/Munich

Rotstein & Weatherall 2007

Rotstein F, Weatherall K (2007) Filing and settlement of patent disputes in the Federal Court: 1995-2005. Intell Prop F 68:65-74

Roughton 2005

Roughton A (2005) Permitted infringing use: the scope of defences to an infringement action. In: Phillips J and Simon I (eds) Trade mark use. Oxford University Press, New York

Sack 1975

Sack R (1975) Lauterer und leistungsgerechter Wettbewerb durch Wettbewerbsregeln. GRUR 6:297-307

Sakulin 2010

Sakulin W (2010) Trademark protection and freedom of expression: an inquiry into the conflict between trademark rights and freedom of expression under European law. Kluwer Law International, Alphen aan den Rijn

Salzberger 2006

Salzberger EM (2006) Economic analysis of the public domain. In: Guibault LMCR, Hugenholtz PB (eds) The future of the public domain – identifying the commons in information law. Kluwer Law International, Alphen aan den Rijn, pp 27-58

Samuelson 2006

Samuelson P (2006) Enriching discourse on public domains. Duke LJ 55:783-834

Samwer 1969

Samwer S-J (1969) Verbraucherschutz und Wettbewerbsrecht. GRUR 7:326-331

Schechter 1927

Schechter FI (1927) The rational basis of trademark protection. Harv L Rev 40(6):813-833

Schricker 1970

Schricker G (1970) Unfair competition and consumer protection in Western Europe. IIC 4:415-449

Schricker & Henning-Bodewig 1998

Schricker G, Henning-Bodewig F (eds) (1998/99) Neuordnung des Wettbewerbsrechts / 11. Ringberg-symposium des Max-Planck-Institutes für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht, 14. bis 18. Juni 1997, Schloß Ringberg, Tegernsee. Nomos Verlagsgesellschaft, Baden-Baden

Schwartz 2004

Schwartz B (2004) The paradox of choice. Why more is less. New York, HarperCollins.

Schwarz 1968

Schwarz H (1968) Alles over kleur. Uitgeverij Canteleer, De Bilt

Schwarz 2002

Schwarz N (2002) Feelings as information: mood influence judgments and processing strategies. In: Gilovich T, Griffin D, Kahneman D (eds) Heuristics and biases: the psychology of intuitive judgment. Cambridge University Press, Cambridge, pp 534-547

Scott 1994

Scott LM (1994) The bridge from text to mind: adapting reader-response theory to consumer research. J Consum Res 21:461-480

Scott & Oliver & Ley-Pineda 2008

Scott D, Oliver A, Ley-Pineda M (2008) Trade marks as property: a philosophical perspective. In: Bently L, Davis J, Ginsburg JC (eds) Trade marks and brands – an interdisciplinary critique. Cambridge University Press, Cambridge

Seibt 2002

Seibt K (2002) Das europäischen Verbraucherleitbild – ein Abschied von der Verwechslungsgefahr als Rechtsfrage? GRUR 6:465-472

Senftleben 2020

Senftleben, MRF (2020) Signs eligible for trademark protection – dysfunctional incentives and a functionality dilemma in the EU. In: Calboli I and Ginsburg JC (eds) Cambridge handbook on international and comparative trademark law. Cambridge University Press, Cambridge, pp 209-225

Senftleben 2018

Senftleben MRF (2018) A clash of culture and commerce. Non-traditional marks and the impediment of cyclic cultural innovation. In: Calboli I, Senftleben MRF (eds) The protection of non-traditional trademarks. Critical perspectives. Oxford University Press, Oxford

Senftleben 2017

Senftleben MRF (2017) *Vigeland* and the status of cultural concerns in trade mark law – the EFTA Court develops more effective tools for the preservation of the public domain. IIC 48:683–720.

Senftleben et al 2015

Senftleben MRF et al (2015) The recommendation on measures to safeguard freedom of expression and undistorted competition: guiding principles for the further development of EU trade mark law. EIPR 37:337-343

Senftleben 2015

Senftleben MRF (2015) Free signs and free use: how to offer room for freedom of expression within the trademark system. In: Geiger C (ed) Research handbook on human rights and intellectual property. Edward Elgar Publishing, Cheltenham, pp 354-376

Senftleben 2013

Senftleben MRF (2013) Adapting EU trade mark law to new technologies – back to basics? In: Geiger C (ed) Constructing European intellectual property: achievements and new perspectives. Edward Elgar Publishing, Cheltenham, pp 137-176

Senftleben 2013

Senftleben MRF (2013) Public domain preservation in EU trademark law – a model for other regions? Trademark Rep 103:775-827

Senftleben & Anemaet 2013

Senftleben MRF, Anemaet L (2013) Windsurfing Chiemsee revisited – Op weg naar een normatieve toets bij inburgering? Berichten Industriële Eigendom 7/8:245-253

Senftleben 2012

Senftleben MRF (ed) (2012) Study on misappropriation of signs. WIPO Document CDIP /9/INF/5. http://www.wipo.int/edocs/mdocs/mdocs/en/cdip_9/cdip_9_inf_5.pdf. Accessed 17 April 2021

Senftleben 2009

Senftleben MRF (2009) The trademark tower of Babel – dilution concepts in international, US and EC trademark law. IIC 40(1):45-77

Senftleben 2006

Senftleben MRF (2006) Towards a horizontal standard for limiting intellectual property rights? WTO Panel Reports shed light on the three-step test in copyright law and related tests in patent and trademark law. IIC 37:407-438

Simon Fhima 2007

Simon I (2007) Nominative use and honest practices in industrial and commercial matters – a very European history. IPQ 117-147

Simon Fhima 2013

Simon Fhima I (2013) Trade marks and free speech. IIC 44:293-321

Simon Fhima 2011

Simon Fhima I (2011) The Court of Justice's protection of the advertising function of trade marks: an (almost) sceptical analysis. JIPLP 6:325-329

Siple & Springer 1983

Siple P, Springer RM (1983) Memory and preference for the colors of objects. Percept Psychophys 34(4):363-370

Slovic 2007

Slovic P (et al) (2007) The affect heuristic. Eur J Oper Res 177: 1333-1352

Slovic 2004

Slovic P (2004) What's fear got to do with it? It's affect we need to worry about. Mo L Rev 69(4):971-990

Slovic et al 2002

Slovic P et al (2002) Rational actors or rational fools: implications of the affect heuristic for behavioral economics. J Soc Eco 31:329-342

Smith 2006

Smith G (2006) Honest commercial use in light of the ECJ's *Gerolsteiner* Ruling. In: Phillips J (ed) Trade marks at the limit. Edward Elgar, Cheltenham/Northampton.

Solomon et al 2008

Solomon M et al (2008) Consumentengedrag. Pearson Prentice Hall, Amsterdam

Song & Schwarz 2009

Song H, Schwarz N (2009) If it's difficult to pronounce, it must be risky: fluency, familiarity, and risk perception. *Psychol Sci* 20(2):135-138

Spence 2008

Spence M (2008) An alternative approach to dilution protection: a response to Scott, Oliver and Ley-Pineda. In: Bently L, Davis J, Ginsburg JC (eds) *Trade marks and brands – an interdisciplinary critique*. Cambridge University Press, Cambridge, pp 306-316

Spoor 1990

Spoor JH (1990) De gestage groei van merk, werk en uitvinding. WEJ Tjeenk Willink, Zwolle

Staats & Staats 1958

Staats A, Staats C (1958) Attitudes established by classical conditioning. *J Abnorm Soc Psychol* 57:37-40

Staats & Staats & Crawford 1962

Staats A, Staats K, Crawford H (1962) First-order conditioning of meaning and the parallel conditioning of GSR. *J Gen Psychol* 67:159-167

Strasser 2000

Strasser M (2000) The rational basis of trademark protection revisited: putting the dilution doctrine into context. *Fordham Intell Prop Media & Ent LJ* 10:379-382

Ströbele 1991

Ströbele P (1991) Verwechslungsgefahr und Schutzzumfang. In: Beier F-K et al (eds) *Festschrift zum hundertjährigen Bestehen der Deutschen Vereinigung für gewerblichen Rechtsschutz und Urheberrecht*, vol 2. VCH, Weinheim

Stuart & Shimp & Engle 1987

Stuart EW, Shimp TA, Engle RW (1987) Classical conditioning of consumer attitudes: Four experiments in an advertising context. *J Consum Res* 14(3):334-349

Swann 2002

Swann JB (2002) Dilution redefined for the year 2002. *Trademark Rep* 92:585-625

Szmigin & Piacentini 2015

Szmigin I, Piacentini M (2015) *Consumer behaviour*. Oxford University Press, Oxford

Tushnet 2008

Tushnet R (2008) Gone in sixty milliseconds: trademark law and cognitive science. *Tex L Rev* 86(3):507-568

Ullmann 2003

Ullmann E (2003) Das Koordinatensystem des Rechts des unlauteren Wettbewerbs im Spannungsfeld von Europa und Deutschland. *GRUR* 10:817-825

Ulmer 1965

Ulmer E (1965) Das Recht des unlauteren Wettbewerbs in den Mitgliedstaaten der Europäischen Wirtschaftsgemeinschaft. Band I. Vergleichende Darstellung mit Vorschlägen zur Rechtsangleichung, 1965. CH Beck/Heymann, Munich/Cologne

Ulmer & Kraßer 1967

Ulmer E, Kraßer R (1967) Das Recht des unlauteren Wettbewerbs in den Mitgliedstaaten der Europäischen Wirtschaftsgemeinschaft. Band IV. Frankreich. CH Beck/Heymann, Munich/Cologne

van Horen 2010

van Horen F (2010) Breaking the mould on copycats: What makes product imitation strategies successful? CentER, Tilburg

van Horen & Stapel & Pieters 2006

van Horen F, Stapel DA, Pieters R (2006-2007) Over het belang van vormen in de waarneming van merken. BMM Bull 4(32): 166-170

van de Kamp 1999

van de Kamp GJ (1999) Is het drie-strepen-merk te bekend? IER 3:101-104

van der Laan 2020

van der Laan, N (2020) The use of trade marks in keyword advertising. Dissertation, Amsterdam

van Woensel 2007

van Woensel C (2007) Merk, god en verbod. deLex, Amstelveen.

Veryzer and Hutchinson 1998

Veryzer RW Jr and Hutchinson JW (1998) The influence of unity and prototypicality on aesthetic responses to new product designs. J Consum Res 24(4):374-394

Visser 2012

Visser DJG (2012) Misrepresentation and misappropriation. In: Ohly A (ed) Common principles of European intellectual property law. Mohr Siebeck, Tübingen, pp 247-254

Visser 2011

Visser DJG (2011) Darfurnica: modellenrecht versus kunstvrijheid. NJB 12:740-742

Visser 2008

Visser DJG (2008) Beslissen in IE-zaken. NJB 1563:1918-1926

Vierheilig 1982

Vierheilig W (1982) “Ernsthafte” Verwechslungsgefahr? Überlegungen zu europäischen Reformbestrebungen im Markenrecht. GRUR Int 8/9:506-511

Wadlow 2004

Wadlow C (2004) The law of passing-off. Unfair competition by misrepresentation. Sweet & Maxwell, London

Weatherall 2017

Weatherall K (2017) The consumer as the empirical measure of trade mark law. Mod L Rev 80(1):57-87

Welkowitz 1991

Welkowitz DS (1991) Reexamining trademark dilution. Vand L Rev 44(3):531-588

Wilf 1999

Wilf S (1999) Who authors trademarks? Cardozo Arts & Ent LJ 17:1-46

WIPO 1996

WIPO (1996) Model provisions on protection against unfair competition. Articles and notes. Geneva

WIPO 1994

WIPO (1994) Protection against unfair competition. Analysis of the present world situation. Geneva

Yap 2008

Yap P-J (2008) Honestly, neither Céline nor Gillette is defensible! EIPR 30:286-293

Zajonc 1980

Zajonc RB (1980) Feeling and thinking: preferences need no inferences. *Am Psychol* 35(2):151-175

Zajonc 1968

Zajonc RB (1968) Attitudinal effects of mere exposure. *J Pers Soc Psychol* 9(2):1-27

Zanna & Kiesler & Pilkonis 1970

Zanna M, Kiesler C, Pilkonis P (1970) Positive and negative attitudinal affect established by classical conditioning. *J Pers Soc Psychol* 14(4):321-328

Zimmerli 1995

Zimmerli A (1995) Der markenrechtlich erforderliche Zeichen- und Warenabstand insbesondere zur sogenannten berühmten Marke. Dissertation, Zürich

Jurisprudence

Court of Justice of the European Union

23 April 2020, case C-237/19 ECLI:EU:C:2020:296 (<i>Gömböc</i>)	3.4.1
12 June 2019, case C-705/17, ECLI:EU:C:2019:481 (<i>Hansson</i>)	5.6.3.1
25 July 2018, joined cases C-84/17 P, C-85/17 P and C-95/17 P, ECLI:EU:C:2018:596 (<i>Nestlé/Mondelez (KitKat)</i>)	3.4.1; 7.2
25 July 2018, case C-129/17, ECLI:EU:C:2018:594 (<i>Mitsubishi/Duma</i>)	2.2; 2.3
10 November 2016, case C-30/15 P, ECLI:EU:C:2016:849 (<i>Simba</i>)	5.6.2
16 September 2015, case C-215/14, ECLI:EU:C:2015:604 (<i>Société des Produits Nestlé SA/Cadbury UK Ltd</i>)	3.4.1
10 July 2014, case C-421/13, ECLI:EU:C:2014:2070 (<i>Apple Inc/ Deutsches Patent- und Markenamt</i>)	5.6.3.1
6 February 2014, case C-65/12, ECLI:EU:C:2014:49 (<i>Leidseplein</i>)	5.6.2; 6.3
18 September 2014, case C-205/13, ECLI:EU:C:2014:2233 (<i>Stokke/Hauck</i>)	3.4.1; 5.6.2; 7.2
15 May 2014, case C-97/12 P, ECLI:EU:C:2014:324 (<i>Louis Vuitton/BHIM</i>)	3.3.3; 4.2; 5.2
18 July 2013, case C-252/12, ECLI:EU:C:2013:497 (<i>Specsavers</i>)	5.1
24 May 2012, case C-98/11 P, ECLI:EU:C:2012:307 (<i>Chocoladefabriken Lindt & Sprungli AG/OHIM</i>)	3.4.1
22 September 2011, case C-323/09, ECLI:EU:C:2011:604 (<i>Interflora/Marks&Spencer</i>)	2.3; 2.4; 3.4.2; 6.3; 6.4
22 September 2011, case C-482/09, ECLI:EU:C:2011:605 (<i>Budějovický Budvar</i>)	6.1
14 July 2011, case C-46/10, ECLI:EU:C:2011:485 (<i>Viking Gas/Kosan Gas</i>)	6.1
14 September 2010, case C-48/09 P, ECLI:EU:C:2010:516 (<i>Lego/Mega Brands</i>)	3.2; 3.3.2; 3.4.1; 4.2; 5.2; 5.6.2; 7.2
8 July 2010, case C-558/08, ECLI:EU:C:2010:416 (<i>Portakabin Ltd/Primakabin BV</i>)	2.3; 6.1
25 March 2010, case C-278/08, ECLI:EU:C:2010:163 (<i>Die BergSpechte Outdoor Reisen/Günter Guni</i>)	2.3
23 March 2010, cases C-236/08, C-237/08 and C-238/08, ECLI:EU:C:2010:159 (<i>Google/Louis Vuitton Malletier et al</i>)	2.2; 2.3
18 June 2009, case C-487/07, ECLI:EU:C:2009:378 (<i>L'Oréal/Bellure</i>)	2.2; 2.3; 2.3.1; 2.4; 3.3.1; 3.4.2;

	4.3; 6.3
12 June 2008, case C-533/06, ECLI:EU:C:2008:339 (<i>O2/Hutchison</i>)	3.4.2
10 April 2008, case C-102/07, ECLI:EU:C:2008:217 (<i>Adidas/Marca</i>)	1.2.1; 1.3; 3.4.2; 3.5; 4; 4.1; 4.2; 4.3; 4.4; 4.5; 5.2; 5.6.3.1; 5.7; 5.8; 6.4; 7.1
27 November 2008, case C-252/07, ECLI:EU:C:2008:655 (<i>Intel/Intelmark</i>)	6.3
20 September 2007, case C-371/06, ECLI:EU:C:2007:542 (<i>Benetton/G-Star</i>)	3.4.1
11 September 2007, case C-17/06, ECLI:EU:C:2007:497 (<i>Céline</i>)	6.1; 6.3
19 April 2007, case C-273/05 P, ECLI:EU:C:2007:224 (<i>Celltech</i>)	3.3.6
25 January 2007, case C-48/05, ECLI:EU:C:2007:55 (<i>Opel/Autec</i>)	2.2; 3.4.2
25 January 2007, case C-321/03, ECLI:EU:C:2007:51 (<i>Dyson</i>)	5.6.3.1
22 June 2006, case C-25/05, ECLI:EU:C:2006:422 (<i>August Storck/OHIM</i>)	3.3.3; 4.2; 5.2
27 April 2006, case C-145/05, ECLI:EU:C:2006:264 (<i>Levi Strauss</i>)	4.2; 6.1
23 February 2006, case C-59/05, ECLI:EU:C:2006:147 (<i>Siemens/VIPA</i>)	6.3
12 January 2006, case C-173/04 P, ECLI:EU:C:2006:20 (<i>Deutsche SiSi-Werke/OHIM</i>)	1.1; 3.3.3; 3.3.6; 4.1; 5.1
12 January 2006, case C-361/04 P, ECLI:EU:C:2006:25 (<i>Picasso/Picaro</i>)	3.4.1; 4.4; 5.6.2; 5.6.3.2
17 March 2005, case C-22/03 ECLI:EU:C:2005:177 (<i>Gillette/L.A.-Laboratories</i>)	6.1; 6.3
16 November 2004, case C-245/02, ECLI:EU:C:2004:717 (<i>Anheuser Busch</i>)	2.2; 6.1
12 October 2004, case C-447/02, ECLI:EU:C:2004:649 (<i>KWS Saat/BHIM</i>)	3.3.3
7 October 2004, case C-136/02 P, ECLI:EU:C:2004:592 (<i>Mag Instrument/BHIM</i>)	1.1; 3.3.3; 3.3.6; 4.1; 5.1; 5.6.2
24 June 2004, case C-49/02, ECLI:EU:C:2004:384 (<i>Heidelberger Bauchemie GmbH</i>)	1.1; 3.3.3; 3.3.6; 4.1; 5.1; 5.6.3.1
12 February 2004, case C-218/01, ECLI:EU:C:2004:88 (<i>Henkel</i>)	1.1; 2.2.2; 3.3.3; 3.3.6; 4.1; 4.2; 5.1; 5.2; 5.6.2
12 February 2004, case C-363/99, ECLI:EU:C:2004:86 (<i>Postkantoor</i>)	3.3.6
12 February 2004, case C-265/00, ECLI:EU:C:2004:87 (<i>Biomild</i>)	3.3.6
7 January 2004, case C-100/02, ECLI:EU:C:2004:11	

<i>(Gerolsteiner Brunnen GmbH & Co)</i>	3.4.2; 4.4; 5.6.4; 6.1; 6.3
27 November 2003, case C-283/01, ECLI:EU:C:2003:641 (<i>Shield Mark/Kist</i>)	3.4.1
14 November 2003, case C-383/12 P, ECLI:EU:C:2013:741 (<i>Environmental Manufacturing/OHIM</i>)	6.3
23 October 2003, case C-408/01, ECLI:EU:C:2003:582 (<i>Adidas/Fitnessworld</i>)	4.3; 4.4
23 October 2003, case C-191/01 P, ECLI:EU:C:2003:579 (<i>Doublemint</i>)	3.3.6
6 May 2003, case C-104/01, ECLI:EU:C:2003:244 (<i>Libertel</i>)	1.1; 3.3.3; 3.3.6; 4.1; 4.2; 4.4; 5.1; 5.2; 5.6.2; 5.6.3.1
8 April 2003, case C-53/01-C-55/01, ECLI:EU:C:2003:206 (<i>Linde</i>)	3.3.3; 4.2; 4.4; 5.2; 5.6.2
11 March 2003, case C-40/01, ECLI:EU:C:2003:145 (<i>Ajax/Ansul</i>)	3.3.6; 6.3
12 December 2002, case C-273/00, ECLI:EU:C:2002:748 (<i>Sieckmann</i>)	7.2
12 November 2002, case C-206/01, ECLI:EU:C:2002:651 (<i>Arsenal/Reed</i>)	2.2; 2.2.1; 2.4; 4.2; 6.3
18 June 2002, case C-299/99, ECLI:EU:C:2002:377 (<i>Philips/Remington</i>)	2.2.1; 3.1; 3.2; 3.4.1; 5.6.2; 6.3
22 June 2000, case C-425/98, ECLI:EU:C:2000:339 (<i>Marca/Adidas</i>)	4.4
14 September 1999, case C-375/97, ECLI:EU:C:1999:408 (<i>Chevy</i>)	1.1
22 June 1999, case C-342/97, ECLI:EU:C:1999:323 (<i>Lloyd/Loints</i>)	1.1; 2.4; 3.3.1; 4.3; 5.4; 5.5; 5.6.1; 5.6.2; 6.3
4 May 1999, case C-108/97, C-109/97, ECLI:EU:C:1999:230 <i>(Windsurfing Chiemsee)</i>	1.1; 3.2; 3.3.2; 4.2; 5.2; 6.1
23 February 1999, case C-63/97, ECLI:EU:C:1999:82 (<i>BMW/Deenik</i>)	3.4.2; 4.4; 5.6.4; 6.1
29 September 1998, case C-39/97, ECLI:EU:C:1998:442 <i>(Canon v. Metro-Goldwyn-Mayer; Canon/Cannon)</i>	4.3; 5.5
16 July 1998, case C-210/96, ECLI:EU:C:1998:369 (<i>Gut Springenheide</i>)	6.3
11 November 1997, case C-251/95, ECLI:EU:C:1997:528 (<i>Puma/Sabel</i>)	1.1; 2.4; 4.3; 4.4; 5.1; 5.3; 5.4; 5.5; 5.6.1
11 November 1997, case C-349/95, ECLI:EU:C:1997:530	

<i>(Loendersloot/Ballantine)</i>	2.2
11 July 1996, cases C-427/93, C-429/93, and C-436/93, ECLI:EU:C:1996:282 <i>(BMS/Paranova)</i>	2.2
17 October 1990, case C-10/89, ECLI:EU:C:1990:359 (<i>HAG II</i>)	2.2; 2.2.1; 3.1

General Court of the European Union

19 June 2019, case T-307/17, ECLI:EU:T:2019:427 (<i>Adidas/Shoe Branding</i>)	4.1
27 October 2016, case T-29/16, ECLI:EU:T:2016:635 (<i>Caffè Nero</i>)	5.6.3.2
6 October 2011, case T-508/08, ECLI:EU:T:2011:575 (<i>Bang & Olufsen/OHIM</i>)	3.2; 3.4.1
19 June 2008, case T-93/06, ECLI:EU:T:2008:215 <i>(Mülhens GmbH & Co. KG/OHIM)</i>	2.3

CJEU Advocate Generals' Opinions

Trstenjak, 3 February 2011, case C-482/09, ECLI:EU:C:2011:46 <i>(Budějovický Budvar/Anheuser-Busch)</i>	2.3
Jääskinen, 9 December 2010, C-324/09, ECLI:EU:C:2010:757 (<i>L'Oréal/eBay</i>)	2.3
Poiarés Maduro, 22 September 2009, joined cases C-236/08, C-237/08 and C-238/08, ECLI:EU:C:2009:569 (<i>Google/Louis Vuitton</i>)	2.4; 4.2; 5.2
Mengozi, 10 February 2009, case C-487/07, ECLI:EU:C:2009:70 <i>(L'Oréal/Bellure)</i>	2.3
Sharpston, 26 June 2008, case C-252/07, ECLI:EU:C:2008:370 <i>(Intel Corporation/CPM United Kingdom Ltd)</i>	2.3
Ruiz-Jarabo Colomer, 8 September 2005, case C-361/04 P, ECLI:EU:C:2005:531 (<i>Picasso/OHIM</i>)	4.4; 5.6.3.2
Jacobs, 10 July 2003, case C-408/01, ECLI:EU:C:2003:404 <i>(Adidas/Fitness World)</i>	4.4
Stix-Hackl, 10 July 2003, case C-100/02, ECLI:EU:C:2003:408 <i>(Gerolsteiner Brunnen/Putsch)</i>	6.3
Ruiz-Jarabo Colomer, 3 April 2003, case C-283/01, ECLI:EU:C:2003:197 <i>(Shield Mark)</i>	3.4.1
Ruiz-Jarabo Colomer, 13 June 2002, case C-206/01, ECLI:EU:C:2002:373 <i>(Arsenal/Reed)</i>	4.3
Jacobs, 20 September 2001, case C-2/00, ECLI:EU:C:2001:468 <i>(Hölterhoff/Freiesleben)</i>	6.1
Jacobs, 29 April 1997, case C-337/95, ECLI:EU:C:1997:222 (<i>Dior/Evora</i>)	2.2.1; 2.3
Jacobs, 13 March 1990, case C-10/89, ECLI:EU:C:1990:112 (<i>HAG II</i>)	2.2.1; 2.3.2

Benelux Court of Justice

7 June 2002, ECLI:NL:XX:2002:AG7751, NJ 2003, 426 (<i>Marca/Adidas</i>)	4.4
16 December 1991, ECLI:NL:XX:1991:AD1556, NJ 1992, 596 (<i>Burberry II</i>)	3.4.1
14 April 1989, ECLI:NL:XX:1989:AB8105, NJ 1989, 834, IER 1998, 30	

<i>(Burberry I)</i>	3.4.1
15 May 1981, ECLI:NL:XX:1981:AD6556, <i>NJ</i> 1981, 294, <i>BIE</i> 1981, 145 <i>(Kinder)</i>	3.3.2; 5.2
9 March 1977, ECLI:NL:XX:1977:AC0762, <i>NJ</i> 1987, 416, <i>BIE</i> 1977, 203 <i>(Blauwe gastank)</i>	3.3.1
9 February 1977, ECLI:NL:XX:1977:AC0725, <i>NJ</i> 1978, 415, <i>BIE</i> 1977, 195 <i>(Rood-zwarte capsules)</i>	3.3.1

National courts

The Netherlands

Supreme Court

27 November 2015, ECLI:NL:HR:2015:3394 (<i>Stokke/Hauck</i>)	3.4.1
13 February 2015, ECLI:NL:HR:2015:292 (<i>Leidseplein Beheer/Red Bull</i>)	5.6.2
23 December 2011, ECLI:NL:HR:2011:BT8460 (<i>Trianon/Revillon</i>)	3.3.3
12 October 2001, ECLI:NL:PHR:2001:ZC3688 (<i>Adidas/Fitnessworld</i>)	4.4
16 April 1999, ECLI:NL:HR:1999:ZC2889 (<i>Bigott-Batco/Doucal</i>)	5.4; 5.5; 5.6.1; 5.6.3.1
5 March 1999, ECLI:NL:PHR:1999:ZC2869 (<i>Route 66 III</i>)	3.4.1
27 June 1986, ECLI:NL:PHR:1986:AD7158 (<i>Holland/Nautic</i>)	6.2.2.1
11 July 1933, ECLI:NL:HR:1933:343 (<i>Aspirin</i>)	4.3

Conclusion of the General Prosecutor

Drijber, 12 March 2021, case 20/01478, ECLI:NL:PHR:2021:244 (<i>Adidas/H&M</i>)	4.4
--	-----

Courts of Appeal

Amsterdam

3 November 2009, ECLI:NL:GHAMS:2009:BL4261 (<i>Media Mij/ANWB</i>)	3.3.1
7 July 2009, ECLI:NL:GHAMS:2009:BJ7367 (<i>Bavaria/AP</i>)	5.6.2
17 February 2009, ECLI:NL:GHAMS:2009:BH3125 (<i>Davidoff/Coscentra</i>)	5.6.3.1
8 November 2007, ECLI:NL:GHAMS:2007:BB7456 (<i>Scapa/Adidas</i>)	4.4
26 July 2001, <i>AMI</i> 2002, 1 (<i>Tarzan</i>)	3.4.1

Arnhem-Leeuwarden

1 December 2015, case 200.135.172/02, <i>IER</i> 2016/31 (<i>H&M/Adidas</i>)	4.4; 5.5; 5.6.3.1
18 August 1998, ECLI:NL:GHARN:1998:AK2233 (<i>Fitnessworld/Adidas</i>)	4.4
17 April 1957, ECLI:NL:GHLEE:1957:3 (<i>Vredestein</i>)	4.3

's-Hertogenbosch

20 April 2010, ECLI:NL:GHSHE:2010:BM2895 (<i>Stabilo/Beifa</i>)	5.6.3
20 September 2005, <i>BIE</i> 2006, 439 (<i>Zorgwel/Welzorg</i>)	3.3.1
29 March 2005, ECLI:NLGHSHE:2005:AT2596 (<i>Adidas/Marca c.s. and H&M</i>)	4.4
8 June 1999, case C9700988/BR (<i>H&M/Adidas</i>)	4.4
28 May 1990, <i>BIE</i> 1991, 187 (<i>Weerts/L.R.D.</i>)	3.3.1

The Hague

11 August 2020, case 200.254.842/01, <i>IEF</i> 19365 (<i>Lacoste/Hema</i>)	6.4
28 January 2020, ECLI:NL:GHDHA:2020:72 (<i>H&M/Adidas</i>)	4.4
14 March 2017, ECLI:NL:GHDHA:2017:561 (<i>Red Bull/Leidseplein Beheer</i>)	5.5; 5.6.2
22 March 2016, ECLI:NL:GHDHA:2016:669 (<i>H&M/G-Star</i>)	5.5; 5.6.2
15 July 2014, case 200.133.706/01, <i>BIE</i> 2014/55 (<i>Kettle Foods/Intersnack</i>)	6.4
13 August 2013, ECLI:NL:GHDHA:2013:2967 (<i>Talens</i>)	5.5
26 March 2013, ECLI:NL:GHDHA:2013:1730 (<i>Glashelder</i>)	3.3.1
5 June 2012, ECLI:NL:GHSGR:2012:BX0979 (<i>H&M/G-Star</i>)	5.5
20 September 2011, ECLI:NL:GHSGR:2011:BS8933 (<i>Red Bull/Osborne</i>)	5.5; 5.6.2
26 January 2010, ECLI:NL:GHSGR:2010:BL1936 (<i>IKEA/Serboucom</i>)	5.5; 5.6.3.1; 5.6.4
24 November 2009, 105.005.269/01 / KG ZA 06/288 (<i>Orange/Otip</i>)	5.6.1
24 February 2009, ECLI:NL:GHSGR:2009:BH6459 (<i>Reckitt/Action</i>)	5.6.3.1
9 December 2008, ECLI:NL:GHSGR:2008:BI3896 (<i>Campina/Cabrima</i>)	5.5
23 August 2008, ECLI:NL:GHSGR:2007:BC0670 (<i>Bacardi/Food Brokers</i>)	5.5
1 November 2007, ECLI:NL:GHSGR:2007:BH3030 (<i>World Pack</i>)	3.3.1
25 October 2006, ECLI:NL:RBSGR:2006:BB2076 (<i>Substral/Substraflores</i>)	5.6.1
15 March 1967, <i>BIE</i> 1969, No. 102 (<i>Bayer</i>)	4.3

District Courts

Amsterdam

6 June 2017, ECLI:NL:RBAMS:2017:3912 (<i>Stichting Expertisecentrum Discriminatie/Artikel 1</i>)	5.5
4 June 2014, ECLI:NL:RBAMS:2014:3882 (<i>Studio 100/Flappelijntje</i>)	5.5
12 June 2013, ECLI:NL:RBAMS:2013:6541 (<i>Chanel/Glamorous</i>)	5.5
7 May 2009, ECLI:NL:RBAMS:2009:BI3273 (<i>TROS/RTL</i>)	5.5
1 November 2007, ECLI:NL:RBAMS:2007:BB6923 (<i>G-Star/New Yorker</i>)	5.6.3
8 June 2006, ECLI:NL:RBAMS:2006:BB7942 (<i>Adidas/Scapa</i>)	4.4
18 May 2006, ECLI:NL:RBAMS:2006:AX2454 (<i>Russische Bibliotheek</i>)	3.3.1
28 July 2004, <i>AMI</i> 2005-2, 3 (<i>Standaard/Het Gele Teken c.s.</i>)	3.4.1
26 June 2000, <i>IER</i> 2000, 275 (<i>Euro 2000</i>)	3.3.1

Gelderland

12 March 2020, ECLI:NL:RBGEL:2020:1714 (<i>Heksenkaas/Kühlmann</i>)	6.4
---	-----

13 September 2017, ECLI:NL:RBGEL:2017:4976 (<i>ExcluFloorS/Exclu-Floors</i>)	5.5
4 April 2017, ECLI:NL:RBGEL:2017:2433 (<i>Connect/Connect Professionals</i>)	5.5; 6.3.2
23 July 2013, ECLI:NL:RBGEL:2013:2404 (<i>Connect/Conact</i>)	5.5
25 January 2010, ECLI:NL:RBARN:2010:BL2843 (<i>Connect/Connection</i>)	5.5
28 August 2009, ECLI:NL:RBARN:2009:BJ6313 (<i>De Zuivelhoeve/Lidl</i>)	5.5; 5.6.3; 5.6.3.1
28 November 2007, ECLI:NL:RBARN:2007:BC0196 (<i>Pointer/Point Bike</i>)	5.5
<i>Midden-Nederland</i>	
25 April 2018, ECLI:NL:RBMNE:2018:1768 (<i>IT-Staffing/Staffing it</i>)	5.5; 5.6.3.2
30 August 2017, ECLI:NL:RBMNE:2017:4442 (<i>WSM/Ouderenbond</i>)	5.6.1
12 March 2014, ECLI:NL:RBMNE:2014:1369 (<i>Armaturen</i>)	5.5
<i>Noord-Holland</i>	
21 May 2002, ECLI:NL:RBHAA:2002:AE3263 (<i>De Echte Bakker</i>)	3.3.1
25 January 1983, ECLI:NL:RBHAA:1983:AC7856 (<i>Dik Trom</i>)	3.4.1
<i>Noord-Nederland</i>	
15 March 2012, ECLI:NL:RBLEE:2012:BV9716 (<i>'t Stokertje</i>)	5.6.2; 5.6.3
28 September 2011, ECLI:NL:RBLEE:2011:BV7389 (<i>'t Stokertje</i>)	5.5; 5.6.2; 5.6.3
14 February 2007, ECLI:NL:RBGRO:2007:AZ8277 (<i>DHA/Van der Laan</i>)	5.5
<i>Oost-Brabant</i>	
11 July 2016, ECLI:NL:RBOBR:2016:3653 (<i>De Vries/Bakx</i>)	5.5
<i>Overijssel</i>	
9 August 2018, ECLI:NL:RBOVE:2018:2957 (<i>Dealerdirect/WijKopenAutos</i>)	5.5
14 August 2007, ECLI:NL:RBZLY:2007:BC2582 (<i>de Telegraaf</i>)	5.6.1
<i>Rotterdam</i>	
25 March 2015, ECLI:NL:RBROT:2015:2044 (<i>FKP/Spirits</i>)	5.5
7 May 2009, ECLI:NL:RBROT:2009:BI3272 (<i>Ruan/Lonsdale</i>)	5.5
9 November 2006, ECLI:NL:RBROT:2006:AZ3045 (<i>Tijgernootjes</i>)	5.6.3
<i>The Hague</i>	
16 November 2017, ECLI:NL:RBDHA:2017:13293 (<i>Diesel/CK</i>)	5.5
8 November 2017, ECLI:NL:RBDHA:2017:12949 (<i>Adidas/H&M</i>)	4.4; 5.5; 5.6.3.1
8 November 2017, ECLI:NL:RBDHA:2017:12687 (<i>Tommy/Tel Sell</i>)	5.6.1
13 September 2017, ECLI:NL:RBDHA:2017:10421 (<i>Sita/Sina</i>)	5.6.2
5 July 2017, ECLI:NL:RBDHA:2017:7178 (<i>G-Star/Topstreetwear</i>)	5.5
30 March 2017, ECLI:NL:RBDHA:2017:3174 (<i>High Five/HIIT45</i>)	5.5
17 March 2017, ECLI:NL:RBDHA:2017:2626 (<i>CMIB/NMIB</i>)	5.5

2 February 2017, ECLI:NL:RBDHA:2017:921 (<i>KFH/IJsvogel</i>)	5.5; 5.6.3.2
20 July 2016, ECLI:NL:RBDHA:2016:8293 (<i>Fleurop/Topbloemen</i>)	5.5
1 June 2016, ECLI:NL:RBDHA:2016:5999 (<i>Leatherman</i>)	5.5
1 April 2015, ECLI:NL:RBDHA:2015:3731 (<i>Christian Louboutin/Van Haren Schoenen</i>)	3.4.1
10 June 2014, ECLI:NL:RBDHA:2014:7508 (<i>'t IJs van Columbus</i>)	5.5; 5.6.2; 5.6.3; 5.6.3.2
25 April 2014, ECLI:NL:RBDHA:2014:7104 (<i>Daamen/Maxguard</i>)	5.5
2 April 2014, ECLI:NL:RBDHA:2014:5261 (<i>Stichting Paperclip/NCRV</i>)	5.5
18 April 2013, ECLI:NL:RBDHA:2013:BZ7844 (<i>Louboutin/Van Haren</i>)	5.5; 5.6.3
7 September 2011, HA ZA 09-589 (<i>TUC/Apéro</i>)	5.5; 5.6.3.1
9 August 2011, 398829 / KG ZA 11-848 (<i>G-Star/C&A</i>)	5.5
4 May 2011, ECLI:NL:RBSGR:2011:BQ3525 (<i>Nadia Plesner/Louis Vuitton</i>)	3.3.2
14 July 2010, ECLI:NL:RBSGR:2010:BN4672 (<i>FOL</i>)	5.5
21 August 2009, ECLI:NL:RBSGR:2009:BJ7097 (<i>Burberry/Sacha</i>)	5.5; 5.6.3.1
15 July 2009, 294029 / HA ZA 07-2704 (<i>Red Bull/Osborne</i>)	5.5
26 March 2009, 329321 / KG ZA 09-115 (<i>Einstein/Van Bokhoven</i>)	5.6.2; 5.6.3.2
27 August 2008, 312349 / KG ZA 08-680 (<i>Nedac Sorbo/VPg</i>)	5.5
7 May 2008, ECLI:NL:RBSGR:2008:BD1049 (<i>Microsoft/Unicaresoft</i>)	5.5
2 April 2008, ECLI:NL:RBSGR:2008:BD9703 (<i>Watervalkranen</i>)	5.6.3
17 April 2007, ECLI:NL:RBSGR:2007:BC0952 (<i>EasyCar/EasyOto</i>)	5.5
5 July 2006, ECLI:NL:RBSGR:2006:BA8987 (<i>Adidas/Nike</i>)	4.4
4 December 2003, ECLI:NL:RBSGR:2003:AO6837 (<i>FunktieMediair/EtnoMediair</i>)	3.2
7 March 2001, ECLI:NL:RBSGR:2001:AM2861 (<i>Zonnatura/Natura</i>)	3.3.1
<i>Zeeland-West-Brabant</i>	
20 July 2017, ECLI:NL:RBZWB:2017:4651 (<i>Poppodium 013/Podium 0113</i>)	5.5

Germany

Federal Supreme Court, 6 February 2020, case I ZB 21/19, GRUR Int. 2021, 70(6), 583-591 (<i>Injekt/Injex</i>)	4.4
Federal Supreme Court, 24 April 2008, case I ZB 21/06, GRUR 2008, 1093 (<i>Marlene-Dietrich-Bildnis</i>)	3.4.1
Federal Supreme Court, 20 September 2007, case I ZR 6/05, GRUR 2007, 1066 (<i>Kinder II</i>)	3.3.2; 3.4.2; 5.2
Federal Patent Court, 9 November 2005, case 29 W (pat) 147/03, GRUR 2006, 333 (<i>Porträtfoto Marlene Dietrich</i>)	3.3.1; 3.4.1
Federal Patent Court, 25 November 1997, case 24 W (pat) 188/96, GRUR 1998, 1021 (<i>Mona Lisa</i>)	3.3.1; 3.4.1
Cologne Higher Regional Court, 16 December 2005, case 84 O 74/05, [2006] E.T.M.R. 37	

<i>(Adidas-Salomon AG v Nike International Ltd and Nike Retail BV)</i>	4.4
Munich Higher Regional Court, 10 November 2005, case 29 U 2238/05, [2006] E.T.M.R. 38 (<i>Adidas-Salomon AG v Dolce & Gabbana Germany GmbH, Alfonso Giuseppe Dolce</i>)	4.4
Munich Higher Regional Court, 12 February 2004, case 26 U 5518/03, [2005] E.T.M.R. 2 <i>(Adidas Salomon AG v Dolce & Gabbana Germany GmbH)</i>	4.4
Düsseldorf Higher Regional Court, MuW 1912/XII, 259 (<i>Palmona/Baumona</i>)	4.3
Cologne Regional Court, 20 January 2005, case 84 O 74/04, [2005] E.T.M.R. 91 <i>(Adidas-Salomon AG v Nike International Ltd and Nike Retail BV)</i>	4.4
Munich Regional Court, 26 July 2001, [2004] E.T.M.R. 3 <i>(Adidas AG v C & A Mode Co.)</i>	4.4
Elberfeld Civil Court (1925) 25 Juristische Wochenschrift 502 (<i>Odol</i>)	6.3

The United Kingdom

<i>Frank v Nike</i> [2018] EWHC 1893 (Ch), [2019] 4 ETMR 42	5.7
<i>LTC v FNR</i> [2017] EWCA Civ 1729, [2018] 7 ETMR 142	5.7
<i>Enterprise v Europcar</i> [2015] EWHC 17 (Ch), [2015] 16 ETMR 364	5.7
<i>Design Elements v DesignElements</i> [2017] EWHC 1400 (IPEC), [2017] 34 ETMR 803	5.7
<i>Titanic Spa v Stanley Dock & Others</i> [2016] EWHC 3103 (Ch), [2017] 12 ETMR 274	5.7
<i>Comic Enterprises v 20th Century Fox</i> [2016] EWCA Civ 41, [2016] 22 ETMR 476	5.7
<i>Supreme Petfoods Ltd v. Henry Bell & Co (Grantham) Ltd</i> [2015] ETMR 20	6.4
<i>Thomas Pink v Victoria's Secret</i> [2014] EWHC 2631 (Ch), [2014] 57 ETMR 1129	5.7
<i>Reed Executive v Reed Business Information</i> [2004] EWCA Civ 159, [2004] RPC (4) 727	4.3
<i>Glaxo Group v Dowellhurst</i> [2000] ETMR 415 (Ch)	2.2.1

Belgium

Court of Appeal, Brussels, 21 October 2013, Ing.-Cons. 2013, 845 <i>(Maes/Jupiler)</i>	3.3.3; 5.6.3.1
---	----------------

France

Cour d'Appel de Paris (4 th Chamber, Section A), judgment of 3 March 2004, [2005] E.T.M.R. 4 (<i>Adidas Sarragan France v Subo, Bauer</i>)	4.4
--	-----

Denmark

Højesteret (High Court), Second Division, judgment of 24 November 2005,
[2006] E.T.M.R. 88, case 361/2001 (*Adidas International B.V. v FDB*) 4.4

United States

International News Service v. Associated Press, 248 U.S. 215, 239-240 (1918) 6.2.2.1
Ty Inc. v. Perryman, 306 F.3d 509 (7th Cir. 2002) 2.3.1

EUIPO

Cancellation Division, 22 May 2019, No. 14 145 C
(*Van Haren Schoenen/Christian Louboutin*) 4.5

WTO

WTO Panel, 28 June 2018, WTO Document WT/DS435/R, WT/DS441/R,
WT/DS458/R, WT/DS467/R
(*Australia – Certain measures concerning trademarks, geographical
indications and other plain packaging requirements applicable to
tobacco products and packaging*) 6.2.2; 6.2.2.1
6.2.2.2

WTO Panel, 15 March 2005, WTO Document WT/DS174/R
(*European Communities – Protection of trademarks and geographical
indications for agricultural products and foodstuffs*) 6.1; 6.3

Legislation

BCIP

Benelux Convention on Intellectual Property (Trademarks and Designs) (amended on 11 December 2017; into force: 1 March 2019)

Berne Convention

Berne Convention for the Protection of Literary and Artistic Works (amended on September 28, 1979)

CTMR/Community Trademark Regulation

Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version) (Text with EEA relevance) *OJ L* 78, 24.3.2009, p. 1–42. Previously: Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, *OJ L* 11, 14.1.1994, pp. 1–36

EU Charter

Charter of Fundamental Rights of the European Union, *OJ C* 83, 30.03.2010, pp. 389–403

EUTMR/European Union Trade Mark Regulation

Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, *OJ L* 154, 16.06.2017, pp. 1–99

MCAD/Directive concerning Misleading and Comparative Advertising

Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising, *OJ L* 376, 27.12.2006, pp. 21–27.

PC/Paris Convention

Paris Convention for the Protection of Industrial Property (amended on September 28, 1979)

TMD 2008/Trade Mark Directive 2008

Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks, *OJ L* 299, 08.11.2008, pp. 25–33. Previously: First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks *OJ L* 40, 11.2.1989, pp. 1–7

TMD 2015/Trade Mark Directive 2015

Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, *OJ L* 336, 23.12.2015, pp. 1–26

TRIPs Agreement

Agreement on Trade-Related Aspects of Intellectual Property Rights, Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, 15.04.1994

About the author

Lotte Anemaet was born in Vlaardingen on 5 March 1987. After completing secondary school (Stedelijk Gymnasium Schiedam (1999-2005)) she studied Law and Dutch Language and Culture at the University of Leiden (2005-2012). She holds a Master's in Dutch Language and Culture (Speech Communication specialisation), Master's Talent Programme (Graduate School), an LL.M. in Civil Law and in Corporate Law/Intellectual Property (Leiden University). She also followed an international summer course in intellectual property and society at the London School of Economics and Political Science (LSE) thanks to a grant from the Leiden University Fund (LUF). After graduating in 2012, she worked as a lecturer/researcher in intellectual property law at the Vrije Universiteit Amsterdam (2013-2017) and later as a PhD Candidate (2017-2021). Part of her research was conducted at the Max Planck Institute for Innovation and Competition in Munich. She is the recipient of a number of scholarships (John J. Allen Scholarship (NautaDutilh), Max Planck Institute Scholarship, Prins Bernhard Cultuurfonds).